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People's Assembly Discusses Draft Constitution

AU1804193791 Tirana ATA in English 1802 GMT 18 Apr 91

Tirana, April 18 (ATA)—The People's Assembly continued its proceedings on April 18 at 9.00, chaired by the chairman of the Presidency of the People's Assembly, Deputy Kastriot Islami. At first, there was made known the composition of the parliamentary commission charged to brief the Assembly on the events which occured in Shkoder on April 2. The chairmen of the parliamentary groups of the political parties proposed as members of this commission deputies of the Albanian Workers Party [PPSh], the Democratic Party and the Omonia organization.

The chairman of the Presidency of the People's Assembly informed that at the meeting of April 17, evening, with the chairmen of the parliamentary groups and premier, they reached consensus on drafting the following agenda of the Assembly :
1. The examination and approval of the draft constitution.
2. The election of the head of state.
3. The appointment of the premier to form the new government .
4. The formation of the commission for drafting the permanent draft-rules of the People's Assembly.
5. The approval of the program and composition of the government
6. The election of the Constitutional Council.
7. Briefing by the special parliamentary commission.
8. The election of the Supreme Court.
9. The appointment of the attorney general and his substitute.
10. The election of the Supreme Council of Justice.
11. The examination of proposals of the draft-rules commission.
12. The election of permanent commissions of the People's Assembly.
13. The election of the Parliamentary Group Bureau.
14. The approval of the decrees issued by the Presidium of the People's Assembly between the two sessions.

Although a consensus was reached on the agenda, the deputies made remarks and discussed on the turn of examining different problems.

Later on the Assembly passed the first item of the agenda: The examination and approval of the draft constitution.

In essence all the deputies who addressed the Assembly pointed to the fundamental changes of this draft-constitution as compared to the previous one and assessed the work done by the special commission. The PPSh deputies supported the new draft constitution, as it will give an impulse to the political, economic, and social life in our country and to the relations with foreign countries. They pointed out that this will serve the stability and tranquillity at home. Deputies of the Democratic Party demanded to be given the possibility of getting better acquainted with this basic document of the juridical state, postponing the schedule for the discussion for one week or 10 days. For this aim, they underlined, consultations should be conducted also with the other political forces at home which are not represented in the Assembly.

In conclusion, a consensus was reached for postponing the sitting of the Assembly for a week and, following this, unless no other consensus for the approval in principle of the constitution is reached, the voting mehanism will be used. During this week the parliamentary group will continue to work to be acquainted and study the draft constitution.

The Presidency of the People's Assembly was charged with the drafting of the appeal addressed to the people of Shkoder regarding the April 2 events.

The proceedings of this sitting closed. The Assembly will continue its proceedings on April 25, at 10.00.

People's Assembly's Appeal to Shkoder Residents

AU1904094791 Tirana ATA in English 0827 GMT 19 Apr 91

[Appeal issued by the Deputies of the People's Assembly addressed to the people of Shkoder; place and date not given]

[Text] Tirana, April 19 (ATA)—We, the deputies to the People's Assembly, gathered to examine the most important questions preoccupying our people today, aware of the painful events in the Shkoder city, devoted a special attention to them. At the desire of all the deputies without exception, we set up a special commission to examine the development of the investigations to these events, whose aim is to throw light on the absolute truth. We ensure the people of Shkoder that with this committment we stand close to them and appeal to them to show themselves, as always, mature, with democratic culture and resume work and normal life.

The cooperation of all the political forces, trade union organisations, religious communities of your city etc. to calm down the people, avoid conflicts and seek the right, became a very good example also for us the deputies of the various political parties in finding the common language for the positive achievements that characterize the work of the first days of our pluralist assembly.

We are convinced that our engagement will help Shkoder build up confidence in order to courageously overcome the situations it is living through.

Council of Ministers Discusses Refugee Problem

AU2104150891 Tirana ATA in English 1800 GMT 20 Apr 91

[Text] Tirana, April 20 (ATA)—The meeting of the Council of Ministers was held on April 20, presided over by the premier, Fatos Nano. The main question was the

problems created by the illegal fleeing of the Albanian nationals in the neighboring countries, in Greece in particular.

The interior minister, Gramoz Rucaj, reported on the situation created and underlined that this phenomenon has been and remains particularly rather disturbing in the districts of Gjirokaster and Sarande, but tensions have been created in various cases in the districts of Shkoder, Diber, and Korce.

The illegal fleeing or attempt for such acts have created and are creating situations which impair the defense of the state borders and normal relations with the neighboring countries, they influence in the creation of harmful destabilizing psychosis for the social and political life of all the country. Besides this, the meeting laid the stress also on the economic aspects of this phenomenon as well.

The government concentrated in particular on the rather perplexing phenomenon which is assuming great proportions, the stealing and illegal passing abroad of the works of art and other works of special value for the national culture and history.

The Council of Ministers discussed at length on this situation and on the concrete measures to prevent such acts in the future. It laid tasks before the organs of the Interior Ministry to restore order in the border and in the border points according to all the state laws. This Ministry was recommended to meet as soon as possible the demands of the nationals to go to Greece and Yugoslavia, to issue the respective rules on granting Albanian visas at the border points.

In general, the meeting stressed the need and adoption of a new regulation on the movement abroad of the Albanian and foreign nationals according to international norms and the processes of our country's integration in Europe and the world.

The Foreign Ministry was charged with the task of continuing and expanding the contacts with the neighboring countries in order to solve in the shortest possible time the problems created. Through diplomatic ways talks should be conducted on the possibility of opening other border points in our country with Greece and Yugoslavia, permission of mutual movements of the nationals in the border zones for trade, in case of celebrations, or family occasions.

The Ministry of Transportation was charged with the task to discipline the movement of transportation means from various districts to the border. At the same time the possibility for interurban transportation lines Gjirokaster-Ioannina, Korce-Kostur and any other, as well as of any maritime line Sarande-Corfu, should be studied.

The Council of Ministers dwelt especially on the problem of the Albanian refugees in some countries of Europe. The need was emphasized that through its own organisms and contacts with the other states, the government should continue and promote its concern for the Albanian citizens. To this end, instructions were given to the Ministry of Interior and the Foreign Ministry that the Albanian refugees that have left without passports be equipped with them at the diplomatic representations of our country, where they will be granted also the visa of entering Albania, that the consular service be improved and consular agreements be reached with all those states where there are Albanian citizens.

The meeting decided to set up a working group which will study the need of creating a special governmental organism, of the Committee for the Albanians Abroad, which will deal with the problems of the Albanian citizens working and residing in other countries.

In order to resolve all these problems the Council of Ministers set up a working governmental commission which will deal with the drafting of the necessary legal and sub legal acts.

457 Refugees Return From Brindisi

AU2004205291 Tirana ATA in English 1812 GMT 20 Apr 91

[Text] Tirana, April 20 (ATA)—The ferry boat "Paladio Venezia" aboard whom returned at their desire 457 persons fleeing as refugees to Italy last month, arrived at Durres port on April 20 morning. They were from different districts of the country as Durres, Tirane, Elbasan, Mat etc. The port's directorate and the power organs in the district took measures to transport them to their dwelling places. Amongst them were also 28 children, without their parents, who were ferried here under the care of the Italian Red Cross. After they were handed over to the Red Cross of Durres District they were sent by special means to their families. Likewise the Durres Red Cross handed over to the Italian Red Cross two children from Durres, whose parents are refugees in Brindisi.

Government Increases Private Plots' Acreage

AU2104155691 Tirana ATA in English 0832 GMT 21 Apr 91

[Text] Tirana, April 21 (ATA)—On the proposal of the Ministry of Agriculture, the Council of Ministers decided that the families of those working in agricultural enterprises and living in their territory, are allowed to have an acreage of two tenth of the hectare and cattle depending on the acreage of land they possess and the conditions of the zone.

The cattle are bought by two instalments. The first instalment, that is 50 per cent of the value of cattle, is paid immediately and the second after 12 months.

Likewise all the agricultural cooperatives are recommended that the acreage of land for family be four tenths of hectare, but no more than one tenth of hectare per capita. The cooperativist peasantry has no restriction as

for the number of cattle, in compliance with the possibilities afforded by personal plot and arable land area.

The decision says that the agricultural cooperatives are recommended to define themselves the structures of production, giving priority to crops and animals better suiting their concrete conditions and which provide greater income.

The decision for gathering and selling the agricultural and livestock products, as well as for their distribution, including export-import, too, should be drafted by the state organs and other economic subjects on the basis of the contract signed with the producers.

This decision enters into force immediately.

World Bank Mission Arrives; Plans Discussed

AU2104185991 Tirana Domestic Service in Albanian 1800 GMT 21 Apr 91

[Text] A working mission of the World Bank arrived today in our country. The mission is led by Executive Director Adil Kanan. The mission was welcomed at Rinas Airport by Kamber Myftari, deputy general director of the Albanian State Bank, as well as by other specialists of the Albanian State Bank and the Albanian State Bank for External Relations.

This mission will remain in our country for a five-day period and will cooperate with the Albanian State Bank and the Albanian State Bank for External Relations, the Ministry of Finance, as well as with other ministries and central departments, to prepare the necessary procedures for Albania's membership in the World Bank.

Finance Minister Meets Delegation

AU2304122091 Tirana ATA in English 0822 GMT 23 Apr 91

[Text] Tirana, April 23 (ATA)—Qemal Disha, minister of finances, received on April 22 the working mission of the World Bank, led by Adil Kanan, executive director in this bank.

During the warm and friendly talk they had, the minister of finances informed of the economic reform undertaken in our country and of the important tasks in the financial field, as an important part of this reform for the transition into the market economy. In this regard, Qemal Disha underlined the financial difficulties our economy passed, especially over 1990, which are going on this year too. He laid down the need of drafting a financial and fiscal policy to respond to the demands for economic development in the conditions of profound economic transformations, to overcome the difficulties it is encountering. In this context, he stressed the need for a financial and technical aid, first of all on the part of the International Monetary Fund and especially the World Bank, where Albania has presented its demand for membership.

After thanking for the warm reception, Adil Kanan conveyed the greetings of the managers of the World Bank and underlined that the mission's visit to Albania is a historical moment. He and the other members of the mission, having explained the conditions of membership in the World Bank, voiced their readiness to accelerate the process of Albania's acceptance in it, so that to pass onto the granting of technical aid and credits for the development of branches and sectors of priority of the economy in Albania. For this, they underlined, the engagement of Albanian institutions and specialists for the consolidation of cooperation with our mission is a condition to carry out in time and with quality the necessary studies for a complete and exact presentation of the economic and financial situation of the country. To realize this, important is, they said, the legal support, beginning with the constitution, respective legislation, etc., which condition Albania's membership in the World Bank.

Upon the request of the mission, they agreed to create a working group with specialists from the Ministry of Finances, banks, and other institutions, which will keep continuous relations and will coordinate the work with the World Bank, up to Albania's adherence in this international organism.

Qemal Disha assured the chairman of the mission of the World Bank, Adil Kanan, of full readiness on the part of all the heads of departments and specialists of the Ministry of Finances to cooperate with the mission in order to realize the important tasks it has to carry out.

Reaction to FAKS Police Files Article

Interior Minister Danov Resigns

AU2204194491 Sofia BTA in English 1911 GMT 22 Apr 91

[Text] Sofia, April 22 (BTA)—Mr. Khristo Danov, minister of internal affairs, has resigned in connection with the row which erupted over today's publication in the "FAKS" daily of a list of 32 M.P.'s whose files allegedly identified them as political police informers.

The news about the minister's resignation was broken in a TV program on the matter this evening by Mr. Rumen Danov, deputy chairman of the Parliamentary Commission of Inquiry into the M.P.'s police files.

Mr. Khristo Danov said on National Radio this morning that an information leak of this kind was unlawful. He said that an investigation was under way on the publications that have appeared so far and that the Prosecutor's Office will bring to book those responsible for this latest case

Press Reaction to FAKS Article

AU2304092891 Sofia BTA in English 0746 GMT 23 Apr 91

[Press Review of 23 April papers]

[Text] Sofia, April 23 (BTA)—The dailies highlight the scandal over the police files which broke out after yesterday the "FAKS" daily published the list of 32 MP's who formerly cooperated with the secret police of the State Security. Here are some of the headlines: "Bomb Called Police Files Goes Off," "Police Files Exploded. Now What?", "Filegate Gains Momentum," "Who Will Be Buried Under Police Files Plot?", "Communist Manipulation or Fanatic Hysteria." In their papers the political forces exchange mutual accusations of having sparked off a crisis in Bulgaria's political life. "As soon as parliament got down to work the BSP [Bulgarian Socialist Party] produced the police files," "DEMOKRATSIYA" writes. "NARODNO ZEMEDELSKO ZNAME" stresses that the work of the Grand National Assembly has been blocked again. "The affair has bogged parliament," "SVOBODEN NAROD" writes. "DUMA" publishes the full text of the declaration issued by the Supreme Council of the Bulgarian Socialist Party (BSP) and the leadership of the BSP parliamentary faction. It is the political forces which are afraid of the findings of the commission of inquiry handling the police files of the MP's that are interested in discrediting the commission. Commenting on the same declaration "ZEMYA" and "FAKS" emphasize [passage indistinct] of leadership of its owner, the National Executive Council of the Bulgarian Democratic Youth (BDY), distances itself from the newspapers' editorial staff. The declaration categorically states that the problem of the "so-called informers and agents of Department Six, and the way in which they are made known to the Bulgarian general public is solely within the competence of parliament and the country's legislation guaranteeing national security."

Today's press reports that yesterday Mr. Rosen Karadimov, chairman of the Congress of the BDY, handed in his resignation. Describing the "FAKS" publication as amoral, he said that this expresses his attitude to it but he does not feel guilty. Mr. Dimitur Shumnaliev, editor of "FAKS", is quoted as saying that he takes the responsibility for the publication. He also says that in the quest for the list of informers he has approached none of the political forces, none of the parties, none of the MP's, and none of the services with the Ministry of the Interior.

"SVOBODEN NAROD" carries statements in connection with the publication by politicians, including President Zhelyu Zhelev whose only comment is "a breach of procedure."

The newspapers inform that today the City Prosecutor's Office will initiate investigation proceedings in connection with the publications on the police files. Some time ago the "REPORTER 7" and the "DEBATI" paper also featured similar articles.

Today's newspapers frontpage information on the Bulgaro-American trade agreement signed yesterday in Washington, under which Bulgaria is granted the status of most favored nation. The press also covers Foreign Minister Viktor Vulkov's visit to Romania which started yesterday.

Inquiry Commission Members Respond

AU2204203091 Sofia BTA in English 1944 GMT 22 Apr 91

[Text] Sofia, April 22 (BTA)—The "FAKS" daily touched a bombshell today by publishing a list of M.P.'s who collaborated with the political police in the past. An emergency press conference was convened in parliament. It was attended by Mr. Rumen Danov, deputy chairman of the Commission of Inquiry into the M.P.'s police files; the M.P.'s listed as police informers; and a representative of the prosecutor's office.

At the regular press conference of the Union of Democratic Forces (SDS) Mr. Mikhail Nedelchev, member of the Commission of Inquiry, confirmed that the names published in "FAKS" are identical with those in the commission's report. The members of the commission refused to approve the report because only the commission's ranking members: Chairman Georgi Tambuev of the Bulgarian Socialist Party (BSP), Deputy Chairman Rumen Danov of the SDS, and Secretary Aleksandur Stamboliyski of the Bulgarian Agrarian Party (BZNS), had been familiarized with the police files.

Today Mr. Rumen Danov distanced himself from the report, and Mr. Stamboliyski handed in his resignation about two weeks ago. Mr. Danov confirmed that the

commission's report which was submitted to the bureau of parliament last week had been compiled by Mr. Tambuev.

The BSP leadership issued a declaration on today's "FAKS" publication, pointing out that the police files campaign is an attempt to destabilize the work of parliament at a time when it has started debating the constitution and the key economic laws.

There are already fears that the police files are used as an instrument of manipulation.

Today Academician Nikolay Todorov, chairman of the Grand National Assembly, drew fire for allegedly having the report duplicated. "FAKS" is assumed to have used one of these copies for its story.

Today's publication was probably met with concern at the office of the president; both the chief of the office, Mr. Ivaylo Trifonov, and the president's spokesman, Mr. Valentin Stoyanov, were present at today's press conference.

According to a procedure approved by parliament, the Commission of Inquiry was to hear all M.P.'s implicated as police informers before releasing its report. The minister of the interior was to guarantee that the information submitted by the Ministry of the Interior was authentic and full. Then the commission's report was to be submitted to the parliamentary floor leaderships to decide whether it should be debated at a closed-door plenary sitting.

Democratic Youth Denies Involvement

AU2204195891 Sofia Domestic Service in Bulgarian 1900 GMT 22 Apr 91

[Text] A declaration of the Bulgarian Democratic Youth National Executive Council was just submitted to our radio station. The declaration states that the leadership of the Bulgarian Democratic Youth has never announced and never approved the publication of a list of police informers who are members of the Grand National Assembly, which was published in today's issue of the daily FAKS.

The editorial board of FAKS is entirely responsible for the publication, the declaration adds.

Zhivkov's Illness May Delay Trial 10 Days

AU2204134891 Sofia BTA in English 1318 GMT 22 Apr 91

[Text] Sofia, April 22 (BTA)—The defendant Todor Zhivkov will be unable to appear in court for ten more days on health grounds. This morning his defense lawyers submitted to the Supreme Court a medical certificate, issued by the Ministry of Interior Hospital, which confirms their client's diagnosis of vegetative nervous system disorder and hypertension. The panel of judges will issue a ruling on the certificate in open court at 9 a.M. on April 24. the parties to the case will be heard then, too.

Sources which spoke on conditions of anonymity said there was no reason to worry about Todor Zhivkov's health condition and that no complications were expected. The same sources denied the rumors that Zhivkov was in a coma.

Zhelev Urges Less Dependence on USSR

LD2204220991 Budapest Domestic Service in Hungarian 2000 GMT 22 Apr 91

[Interview with President Zhelyu Zhelev by reporter Istvan Kulcsar; place and date not given—recorded; Zhelev speaks in Bulgarian with superimposed Hungarian translation]

[Kulcsar] Mr. President, as far as I know, among the former socialist countries of Eastern Europe, Bulgaria had the closest economic ties with the Soviet Union. It conducted some 60 percent of its trade with the USSR. What is the situation today and in the future?

[Zhelev] Unfortunately, this proportion is not even 60, but 66 percent. Naturally this has placed our country in large-scale dependence on the Soviet Union, and this has now brought us into a difficult situation. We cannot give up the Soviet market, because we will not be able to make a significant entry into the Western markets in the near future. At the same time, we do not intend to renounce those raw materials that the Soviet Union supplies to us at advantageous, concessional prices. Notwithstanding all this, we wish to gradually reduce this dependence and will strive for closer relations with other countries, with Western Europe. At all events our future strategy will be that our economic relations cannot be determined by political or doctrinaire viewpoints. I think that in the Soviet Union they judge this in exactly the same way.

[Kulcsar] With the abolition of the Warsaw Pact's military organization, according to some, a certain kind of vacuum has evolved in Eastern Europe. In your opinion, Mr. President, is it necessary to create some kind of new integration, or to conclude numerous bilateral agreements, in order that this vacuum should disappear?

[Zhelev] I believe that the question carries its answer within it. Because the Warsaw Pact's military organization has fallen apart, just like the CEMA, in my opinion bilateral agreements will come to the fore in the future. At the same time I consider it important that we should not forget those things that have already come into existence in our relations; on the contrary, let us safeguard these achievements.

U.S. Grants Most-Favored Nation Status

AU2304074491 Sofia BTA in English 2000 GMT 22 Apr 91

[Text] Washington, April 22 (BTA)—Under a bilateral trade agreement signed today, the U.S. granted Bulgaria a most-favored nation status.

"The availability of normal trade relations presupposes enhanced interest in the Bulgarian economy," said Mr. Ognyan Pishev, Bulgaria's ambassador to the U.S. In his view there are possibilities to take advantage of the different prices of labor power in the U.S. and Bulgaria to move some labor-intensive productions to Bulgaria. "The availability of a large labor force of skilled workers and experts creates favorable prerequisites for the attraction of U.S. investment," the ambassador pointed out.

Mr. Mckenzie of the U.S. Chamber of Commerce told Bulgarian Television in a telephone interview that the agreement made Bulgaria a full trading partner of the U.S. Bulgaria will be included in the foreign investment programs and will get preferential tariff and tax treatment. The official said that the COCOM [Coordinating Committee for Multilateral Export Control] restrictions which he believes are still in force against Bulgaria can only be handled at a political level with the participation of the State Department, the White House and the office of the U.S. trade representative. Mr. Mckenzie supposes that the restrictions, which affect other East European countries as well, will be lifted soon.

Mr. Ivan Pushkarov, Bulgaria's minister of industry, trade and services, believes that the question now is how actively the Bulgarian companies will react and what they will have to offer to the American market which "puts European manufacturers to a serious test." He assessed the signing of the agreement as a very serious step. Among the branches which can make market inroads in the U.S. he listed light industry and electronics, provided their divisions form joint ventures.

Nuclear System Troubled by 'Knot of Problems'

AU2204133391 Sofia VECHERNI NOVINI in Bulgarian 17 Apr 91 pp 1, 2

[Interview with Professor Tsvetan Bonchev, chairman of the Commission on Nuclear Power Supply Issues at the Chancellery of the chairman of the Republic, by Rumyana Kochanova; place and date not given—"Effect of Management From Afar"—first paragraph is VECHERNI NOVINI introduction]

[Text] After the shocking facts about the state of our nuclear power industry, enhanced by normal human fear and the bitter memory of Chernobyl, we have the right and even the duty to hear the qualified opinion of an expert. We contacted Professor Tsvetan Bonchev, chairman of the Commission on Nuclear Power Supply at the Chancellery of the chairman of the Republic.

[Kochanova] Mr. Bonchev, your commission recently completed a report on this issue. What is the government's attitude to the report?

[Bonchev] The Council of Ministers was supposed to prepare two decrees on the basis of the report—on the situation at the Kozloduy Nuclear Power Plant and on establishing an integrated system to protect the population from radiation. However, when we presented Deputy Prime Minister Aleksandur Tomov in writing with our objections to the first draft decree he halted further work on the decree. We categorically believe that in its current form the decree does not resolve the problems and does not provide an answer to the question of the causes of the situation in our nuclear power supply system. What are those causes? First of all—the poor organization. For many years, in fact from the very beginning, the nuclear power supply system has functioned as an appendix to the Committee on Power Supply, and before that—as an appendix to the Ministry of Power Supply. This did not mean that there were not experts in Kozloduy who could cope with the work themselves. On the contrary. But it simply did not suit the interests of the bosses to have them do so. Do you think that people who came from the heating and electric power system (this is where the bosses came from) were able to deal with the issues of this complex branch? Furthermore, is it possible to manage this branch "from afar"? This is absurd. Proper organization costs nothing. On the contrary, it will lead to savings. Indeed, the situation is as follows: The management of the nuclear power supply plant is viewed only as an executor. At the same time the members of the Committee on Power Supply do not understand anything about nuclear power and hope that the specialists will cope alone. Thus in the final analysis no one is responsible for anything.

[Kochanova] How should we start to untangle this knot of problems?

[Bonchev] The people who understand the issues should be given rights and independence. They should not be underestimated any longer or turned into subunits of various companies and organizations. For example, the economic aspects of the Kozloduy Nuclear Power Plant never were in the hands of its leaders. When our commission studied the matter we learned that those people did not know the prime cost of their product. Indeed, there never was a sound economic policy at the nuclear power plant, and there is not one even now.

However, the top echelon of our bureaucrats adopted the following "ideology": if they do not understand, it means that no one understands. Thus, they wait and rely on help from abroad—imported licenses and technologies—which cost the state a fortune. This practice is unjustifiable. We pointed out in our report that there will be no nuclear power supply if we do not rely on our own intellectual potential. Do you know that until now not a single kilogram of nuclear waste has been processed, despite the fact that people have been sent abroad many times to study this issue?

[Kochanova] You say that the nuclear power industry needs managers. However, today it does not even have specialists who could activate the sixth reactor....

[Bonchev] Yes, this is so. However, in this particular case the Ministry of Education must be blamed, because in recent years it neglected to plan for and train such cadres. Thus, now we do not have young specialists. This especially applies to the period after Chernobyl. The people who work at the nuclear power supply plants have an average "fitness" term of 7.5 years, which is the world average. This is not because of the radiation, but simply because one cannot stand the tension for any longer. Indeed, now that almost all Soviet specialists have left, except those engaged in license control [avtorski kontrol], I do not know how we can activate the sixth reactor. Perhaps we think that the high wages will attract people who used to work there, and they will return. However, one cannot rely on them. They are worn out. As a matter of fact, the nuclear power supply system does not have any kind of system for checking the physical and psychological condition of the experts.

[Kochanova] People say that the first four reactors in Kozloduy are in a bad state, and there have even been calls to switch them off. Could you objectively tell us what their state is?

[Bonchev] According to the commission's opinion, as a result of negligence the reactors' control-measuring systems—their sensory organs—were permitted to be put out of operation. Simply, nobody bothered to maintain them. The people operate on the basis of intuition. Is this not a shameful situation? After all, Bulgaria has a respectable place in the area of computing equipment. Work should begin in this sphere, despite the fact that there are problems in the very corpus of the reactors.

[Kochanova] You mentioned that it can be assumed that legal proceedings might be taken in the near future against the former leadership of the power supply system. What did you have in mind?

[Bonchev] I meant first of all the theft and waste. A vast amount of property was stolen from the warehouses of many organizations in Kozloduy. The fact that somebody must be held accountable for the present state of the power supply system is another issue.

Dimitrov Views Personal Files Issue

AU2204191191 Sofia Domestic Service in Bulgarian 1730 GMT 22 Apr 91

[Text] The Union of Democratic Forces [SDS] held a news conference today. Filip Dimitrov, chairman of the SDS Coordinating Council, stated that the story of the personal files will presumably turn out to be a tempest in a teacup.

Mikhail Nedelchev, who is a member of the Legislative Inquiry Commission on the Personal Files, pointed out that no deputy belonging to the commission agreed to sign the report submitted by the leadership, considering that the reliability of the facts contained in the relevant report has not been confirmed.

At its session on Thursday, 18 April, the commission decided that a text should be added to the report expressing the opinion that the data submitted in the report is incomplete and that certain regulations should be observed in using the report.

The speakers at the news conference presume that the SDS Legislative group will raise the question at the Grand National Assembly about the leaking of information on personal files discussed at the Inquiry Commission and will ask how the information reached the mass media.

Lyubomir Ivanov, co-chairman of the SDS Democratic Center, explained that as a contribution to speeding up the economic reform, his legislative group intends to submit a bill to the National Assembly proposing the nationalization of all the property belonging to the former Bulgarian Communist Party and to its legal successors and the property of the companies affiliated with them.

Ethnic Relations Poll Results Published

AU2204203691 Sofia BTA in English 1914 GMT 22 Apr 91

[Text] Sofia, April 22 (BTA)—A public opinion poll on ethnic relations in the economic crisis was conducted at the beginning of January 1991 at the request of the Office of the President among Bulgarians and ethnic Turks in the mixed-population regions. The "DEBATI" Weekly publishes the results of the survey and a commentary by sociologist Antoni Gulubov.

The poll results showed once again that the differences which are supposed to underlie the ethnic confrontation are only one aspect of the active interaction between the Bulgarian and Turkish communities in the mixed-population regions, the sociologist says. He points out that the opinions, views and expectations of the economic and social changes, expressed by the respondents of the two communities, largely coincide.

Similar attitudes towards the processes and tendencies in social development acquire different meaning in the conditions of ethnic confrontation, Mr. Gulubov says. According to him, the shared fears of uncontrolled impoverishment and inability to meet essential human needs in the mixed-population regions are transformed into fears of possible ethnic-based economic domination and the widespread suspicions and mistrust of the political institutions further encourage the development of ethnopolitical parties and movements.

Mr. Gulubov points out that many of the expectations were proved wrong by the poll, for example the expected almost total reliance on foreign economic aid in the economic crisis. The poll results show that there is such

an attitude but it is not shared by all. One in every four respondents said he did not rely on foreign aid. 20 per cent said they relied on the US and Western Europe. 13 percent opted for Turkey and six percent said they hoped to get help from the Arab world.

The attitude towards the US and Western Europe is not determined by ethnic identity but the same is hardly true of the attitude towards Turkey and the Arab countries. Less than one percent of the Bulgarians answered that they were inclined to give and to accept economic aid from Turkey or the Arab world, while the comparable figures among the ethnic Turks were 30 per cent and 11 percent respectively. Similar answers were given to the question about Bulgaria's potential trading partners.

There were differences in the attitude to the Soviet Union as well. The Soviet Union was considered a potential trading partner by 27 percent of the Bulgarians and by 10 percent of the ethnic Turks.

As far as possibilities for conducting private business with Yugoslavia and Greece are concerned, the two communities hold similar views: 7 percent of the Bulgarians and 5 percent of the Turks support economic cooperation with the two countries. As for Turkey, 7 percent of the Bulgarians and 26 percent of the ethnic Turks said they approved of economic cooperation with Turkey.

BTA Launches New Economic Publication

AU2204195691 Sofia BTA in English 1838 GMT 22 Apr 91

[Text] Sofia, April 22 (BTA)—"Strategic Business Report: Bulgaria," a new Bulgarian News Agency (BTA) publication, was presented today to diplomats accredited in Sofia, to foreign correspondents and businessmen.

The newsletter is a joint publication of BTA and Continental Information Denmark. It is targeted mainly at foreign bankers, traders and entrepreneurs who are interested in investing in Bulgaria and exploring the local market opportunities. The newsletter will run updated information on Bulgaria's economic situation, analyses and commentaries on the most relevant developments in the country, profiles of state and private companies active in different branches of industry, information on the operations of foreign economic groups as well as on the changes in the Bulgarian legislation and the economic measures taken by the government and its agencies.

Continental Information specializes in economic research and analysis on the East European countries. It publishes similar newsletters in the Soviet Union, Poland, Czechoslovakia and Hungary.

The new publication was presented by Mr. Ivo Indzhev, BTA director general, and Mr. Philip H. Bay, president of Continental Information.

Havel Says Stability Depends on Economy

PM2304090691 London BBC Television Network in English 2130 GMT 17 Apr 91

[Statement by President Vaclav Havel during a report by David Levy in London; from the "Newsnight" program—recorded; Havel speaks in Czech with subtitles in English]

[Text] So far there is nothing comparable with the Marshall Plan, but the West feels partly responsible for our future, and political stability in this part of Europe is in the West's own interest. Stability is, however, dependent on our economic situation. Western Europe is no doubt aware that its own prosperity stems from outside help it received after World War II, namely the Marshall Plan. Our industry was unequally and illogically distributed. For example, the defense industry is concentrated in Slovakia so that it is as far as possible from the supposed front line. This industry now has to be converted into something else, and that will cause unemployment and social tensions. Such things not only influence our political situation but can also be used for political manipulation. For example, Slovaks might put all the blame on the Czechs, whereas the blame really lies with the Communists.

'Disharmony' With U.S. Over Arms Export Plans

AU2204134691 Prague RUDE PRAVO in Czech 17 Apr 91 pp 1, 7

["zr"-signed report: "The United States Is Opposed to the Export of Czechoslovak Arms to Iran and Syria"]

[Text] "The Government has no objections to the continued export of arms to politically acceptable territories," Prime Minister Marian Calfa said in parliament before Easter. But even then, the question of arms exports was exceedingly complicated, particularly the interpretation of the term "politically acceptable territory."

When a Czechoslovak Government delegation headed by J. Dienstbier returned from Iran in early March, it seemed that we had finally found a market for our surplus arms production, particularly for hundreds of T-55 tanks. Iran showed a serious interest in them. At a news conference on 11 March, after the delegation's return from Iran, Deputy Foreign Trade Minister Jan Kollert said, however, that countries of that region are always interested in purchasing "special material," that this is a sensitive issue, and that it will be dealt with in coordination with the overall concept of the international community in this area. He knew what he was saying. It was obviously known to him that Syria is interested in purchasing T-72 tanks, armored personnel carriers, howitzers, and rocket launchers—all from the Czechoslovak arsenal.

The public has not learned much about this. It could only get a vague idea about the ongoing talks when the director of the ZTS Martin shareholding company and the directors of two arms manufacturing plants (Turcianske Engineering Works and ZTS Dubnica nad Vahom) came to Prague on 8 April to conduct talks at the Ministry of Foreign Affairs. According to a report in LIDOVA DEMOKRACIE of 9 April, "Slovak representatives naturally understand that it is not possible to export arms to areas of conflict because Czechoslovakia cannot speak the same language with its new allies while acting to the contrary. Arms exports to Syria and Iran, in particular, are at stake. It is a fact that Syria, for example, owes us about $1 billion and does not show any readiness to pay unless it gets arms from us."

According to LIDOVA DEMOKRACIE, J. Dienstbier explained to the Slovak directors, who are worried about the impact of an immediate halt of arms production on employment in Slovakia, that he would soon hold talks in the United States aimed at obtaining long-term credits for the conversion of our arms industry.

Did a Protest From Washington Precede This?

Such an intention can certainly be welcomed, just as the readiness of American officials to negotiate with us on a loan for the conversion of our military industry.

According to information that we have obtained however, Minister Dienstbier's talks in the United States and President Havel's urgent telephone call with President Bush were motivated, at least in part, by an sharp intervention earlier by Washington against the Czechoslovak Government's considered export of heavy weaponry to Iran and Syria.

The United States' objections are based on its own and EC sanctions against Syria, adopted within the framework of the struggle against support of terrorism in the region, and on the United States' own legally enshrined ban on arms sales to Iran. Moreover, Czechoslovakia would violate, according to the U.S. interpretation, the Treaty on Conventional Armed Forces in Europe because the sale or transfer of designated weapons cannot compensate for their destruction and conversion.

The Czechoslovak decision to sell weapons to Syria and Iran has caused disharmony with the United States because the U.S. Administration had initiated talks on a multilateral treaty on trade in arms and their nonproliferation in the Middle East. Secretary of State James Baker has been conducting talks on this issue in the Middle East and in Western Europe. Even though, naturally, the CSFR has no interest in adding fuel to the flames in regions of international tension, suddenly it is as though it stepped in someone else's flower bed. One cannot, however, just demand that the CSFR not supply weapons to certain regions. It is necessary to extend to it specific assistance in bringing about the conversion of its arms industry. The swap would otherwise be unfair. [passage omitted]

Havel Discusses Federation, Elections

LD2104191691 Prague Domestic Service in Czech 1215 GMT 21 Apr 91

[Interview with CSFR President Vaclav Havel by Jiri Vejvoda at Lany presidential residence on 20 April: "Conversations at Lany"—recorded]

[Excerpts] [Vejvoda] These "Conversations at Lany" are the 51st, carried out where they should be carried out according to their name—at Lany. It is Saturday, early evening—the day when the constitutional congress of the Civic Democratic Party takes place in Olomouc, and the second conference of the Civic Democratic Alliance takes place in Prague. By the way, Civic Forum will hold a congress in a week's time.

How do you, Mr. President, follow the forming of these parties and the process of the crystalization of political forces, for instance, in the Federal Assembly?

[Havel] I think that a process of such political crystalization, clarification of political stances, formation, founding of new parties, is a regular, inevitable process without which it is impossible to imagine the creation of a really democratic political system. [passage omitted] I think that our election system, according to which we are going to vote next time, and which should be the permanent one, should put more emphasis on personalities than on parties. [passage omitted] During the last elections the electorate gave votes simply to Civic Forum and Public Against Violence [VPN] because they perceived them as the guarantee of the path toward democracy. They did not vote so much for individual personalities.

It is good that political forces have been formed. It is good that Civic Forum split into several subjects which became independent, and which have slightly different programmes. Respectively their programs are not so different from each other. It is more a question of accents in their programs, style of work, way of thinking. It is a good thing that this takes place. Nevertheless, I think that in future the election law should not give a dominant role to the parties. [passage omitted]

[Vejvoda] You have known a number of the personalities you met there for a couple of months now. Is there any change in their perception of Czechoslovakia?

[Havel] If I attempt to give you an impression that would sum up all these talks then I would say that trust in Czechslovakia persists, trust in the way we got rid of the totalitarian system, trust in the stabilizing role of Czechoslovakia in Central and Eastern Europe. Nevertheless, the first question was always the question of the integrity of our state. Czechoslovakia is a certain subject on the international scene and is perceived with respect and has great chances, great prospects on the international scene—as such an integral subject. This does not mean that Czechoslovakia is perceived as Czechs with Slovaks as an appendix—Czechoslovakia is perceived as a common state of Czechs and Slovaks. The name itself—Czechoslovakia—which is being accepted in Slovakia with such defiance—points out the fact that we consist of two nations. This is well known to everybody, and everybody respects this. The other thing is that for 70 years we have been one subject of international law, one respected integral state, though a federative state—but there are more such federative states. Fears were voiced regarding the possibility of the disintegration of our state. I come across such fears during all my talks on an international level.

[Vejvoda] Mr. President, it appears logical to follow up your answers to the question dealing with the meeting you had on Wednesday with the representatives of Slovak political representation. To be honest, regarding the situation in Slovakia, people are asking whether it was a working meeting, and what was agreed there.

[Havel] Slovak politicians naturally briefed me during the meeting about the current tense political situation in Slovakia. I was, of course, very interested, and I heard their report with great interest. Nevertheless, it seemed to me that for various reasons it would not be fair to interfere in any way in these matters, which are, indeed, so to speak, of an internal nature for Slovakia, although their impact naturally affects the whole state. I kept a certain neutrality. Nonetheless, this was not the main purpose of the meeting. I did not meet with Slovak politicians to deliver a judgment on them, or to counsel them on their political arguments. My reasons were different. I opened this interview by saying that it is not decisive whether or not Mr. Meciar is still Slovak Republic prime minister tomorrow, or the day after tomorrow; that it is not decisive whether or not Mr. Gal is VPN chairman tomorrow, the day after tomorrow, or next week; that it is not decisive whether or not Vaclav Havel is president of our republic tomorrow and the day after tomorrow. I said that regardless of our arguments and our present and future posts, all of us bear a common, enormous, and indivisible responsibility for the future of this country. We must consider the future shape of this state. These days, weeks, or months, we are in fact predetermining and establishing the nature and shape of our state, possibly for decades to come.

The issue of the constitutional set up is very topical. Every day we can see someone speaking about it on television—an official, a political party, an organization, or an association. Every day we can read about it in the newspapers. This is not happening just by accident. People have a very good idea about what is at issue, and about the importance of the issues being decided now. The entire future of this country, its economic development and its character, are connected with this issue, and everything appears to come into light through this topic. The Constitution is no longer a mere piece of paper, with any kind of text, making it invalid anyway. The Constitution is something where each word matters.

I wish to make a small historic excursion—we held informal talks at the Vikarka restaurant [in Prague

Castle] with representatives of those political forces which, on the federal level, form a coalition, representatives of these forces who are heads of the governments and parliaments, and we discussed these things during those meetings. During the last meeting at the Vikarka restaurant we all agreed that the adoption of the federal Constitution should be preceded by the adoption of some kind of declaration in which the citizens of our two republics would express their will to live together in a federal state, and express their shared responsibility for the federation, which would also roughly define the range of powers of such a federation. We were in favor of this, all of us, with the exception of the Christian Democratic Movement, which has always held the view that at the beginning of the drafting of the constitution, some kind of a state treaty should be adopted, a treaty between two sovereign republics concerning joining one federative entity. This idea provoked considerable resistence by the Czech side, to a large extent understandable, as well as by the federal representatives, as it gives the impression that we question the existence of our present federation, existence of the federal institutions, including the Federal Assembly, elected in free elections, as if beginning from scrap, as if elevating the two republics to totally sovereign subjects of international law, which conclude an international legal agreement between themselves, and as if only on the basis of such a treaty a federative state is founded again—which in fact already exists.

This was how the things looked during our last meeting at the Vikarka restaurant, but meanwhile, about two months passed, and the situation has developed a little.

The adoption of some kind of a state treaty—a rather difficult concept to accept from the legal point of view—at the same time includes something that is psychologically very understandable and natural: A rather large percentage of Slovaks favor adoption of such a treaty. This is something not many Czechs are aware of. In the subconscience of their society there is a continuing feeling of disappointment that whenever their nation seemed to have a chance to find a legal or constitutional expression of its independence, it was always inconspiciously taken away from them.

Whatever form it had—the form of an autonomy that Hlinka strove to achieve, or the form of a federation in the Husak political game, or the one during the First Republic [1918-1938] based on the Pittsburgh agreement. There is fear in Slovakia that the Slovaks could be cheated again, for the fourth or fifth time, deceived by the Czechs, that under some kind of a pretext the main center would still be in Prague, where everything would be decided, and that Slovakia would again be a province.

We can note that during the last two months there has been a move in favor of the idea of such a treaty, without meaning necessarily a state treaty, that it shoudl be a document of some binding character, a legal document, not only some form of general declaration as enough such declarations have been adopted in the past, and they were not observed because they were not legally binding.

The purpose of my 17 April meeting was to discover the present view of the leading Slovak politicians and to look for some kind of a more viable solution—i.e.,something between the alternative to a declaration and the alternative to a treaty. During the meeting, I made two proposals regarding this issue. I would like to propose them for consideration by Czech politicians to see what results.

The substance of my proposals was that a treaty between the citizens of the Czech Republic and those of the Slovak Republic would be concluded—some kind of a short text which would clearly state that the citizens of these two republics wish to live in a common federative state, and which would clearly state what it implies, which would clearly and briefly define the federation, state what powers the republics would delegate to the federation. Such a fundamental text could be called either a constitutional declaration or citizens' treaty on a constitutional set-up, or something similar.

Such a document—and this is my first alternative—would be subject to a referendum. A referendum would take place separately in each of the republics—in the Czech Republic and in the Slovak Republic—and the citizens would vote either yes or no. This means that everybody, after reading this text, would say either yes, I agree with the text, or no, I do not agree with the text, for whatever reason. We do not have a provision for the institution of a referendum, but if it is adopted then the result of a referendum has the binding power of a constitutional law. This means that if this referendum shows that the citizens of both republics wish to live in a common federative state, then such a decision would have the binding power of a constitutional law, and thus it would have the legal binding power which is being called for by the Slovaks, and above all by the Christian Democratic Movement.

This would have many advantages—first, it would be totally pure from the legal and constitutional point of view, as it would not in any way pass over the present existence of the federation, existence of the Federal Assembly, and all the federal institutions. It would simply be a new constitutional institution of a referendum that would be used in this way; and moreover, it would have a number of other advantages. For instance, another advantage would be that it would be the basis for knowing the strength of the federation—if all the citizens decide on something with a general popular vote, i.e., in a referendum, then it is a decision that has popular weight, or it is a binding decision. Referendums are not carried out every year or every five years. It would stabilize the federation in a certain way for 15 or 20 years, perhaps. It would also define it in an exact way, and this would render impossible the persistent questioning and doubts over what the federation is and what its powers are, and so forth.

The second alternative I proposed was to do more or less the same, but not on the basis of a referendum. It would instead be adopted by the representatives of the two republics—by the deputies of the two national councils and deputies of the Federal Assembly. The vote would be taken separately by all those elected in the Czech Republic—i.e., the entire Czech National Council and those deputies of both chambers of the Federal Assembly who were elected in the Czech Republic—and all those elected in Slovakia—i.e., the entire Slovak National Council and all the deputies of the Federal Assembly elected in the Slovak Republic. They are in fact the most legitimate, democratically elected representatives of both republics. Though they do not form together a legal institution, they are no doubt the widest possible political representation of the citizens of both republics. They could adopt such a treatry, such a consitutional declaration, on behalf of the citizens who elected them. It would subsequently become the basis for a federal constitution, which should refer to such a declaration in its preamble or in its fundamental articles. It would of course also provide certain guidance for the two republican constitutions.

My feeling is that the Slovak politicians are pleased that I think in this way, that I attempt to look for a consensus, a way out that would be acceptable to both sides, and that they are even prepared to make a certain compromise in order that we could meet somewhere.

Jan Carnogursky, who, as a representative of the Christian Democratic Movement, has always been in favor of the idea of a state treaty, said that they did not insist on a state treaty as a document of international law, as strictly a state treaty between two states. What they are most interested in is the legal validity, the legally binding character of such a document. During our conversation he even admitted a possibility that such a legal act—as some kind of guidelines for drafting the constitutions—could precede the adoption of the constitutions, their drafting and adoption. This is again a good signal, as the original idea of the Christian Democratic Movement and of the others was that at first the Slovak State had to be constitutionally set up in its full sovereignty, with its own so-called pure Constitution, i.e., a Constitution laying down all the powers of a sovereign state, and that only subsequently could it conclude a treaty through which it would delegate part of its original powers to the federation. I argued that the Slovak Republic in fact already had the character of a legal subject, as the Czech Republic has, and they were mature enough to agree on some kind of an agreement which subsequently can become the starting point for the federal Constitution, but which can also be integrated in the republican constitutions.

This was the content of the meeting I held, and I intend to continue this effort. Next week I will meet Czech politicians. Later I would like to meet federal politicians, and later still I would like to invite them all to meet me at Lany for a longer working visit, if possible, a two-day visit, during which we would perhaps move forward, as we have to fulfill this task and we do not have a lot of time.

Speaking about this so broadly, I should perhaps mention one more thing: Many political parties, groups, and personalities are in favor of the idea of a federal [spolkovy] state consisting of three members—Bohemia, Moravia and Silesia, and Slovakia. So far I have been speaking only about the Czechs and Slovaks, respectively about the Czech Republic and Slovak Republic, about a two-member federation. This does not mean I am an opponent of the idea of a union consisting of three members. It is a setup that would have many advantages, and would be good. Nevertheless, I consider this to be a bit premature. So far, it seems to me that it is some kind of a utopia. Perhaps we will reach it sometime, but I do not think it is realistic to prepare, to legally set up, and in fact found such a federal setup at present. If this by chance happens, I would not be angry. I am not an opponent of such an idea. I just consider it to be unrealistic at present. Not only that, Moravia itself did not reach the maturity to have a status of an independent republic, and who knows whether it in fact wants to reach such a status, or whether it will reach it sometime at all. Neither the Czechs nor Slovaks reached such a maturity of thinking to be prepared to embark immediately on implementing such an idea. This is why I think this is a matter for possiblity longer term prospects.

[Vejvoda] Let us therefore hope and believe, Mr. President, that a certain constitutional setup of the federation will materialize. However, another problem could be that the economic situation of the two parts of the republic will differ somewhat, and that they will differ in identifying the signals of development. Was there any mention of this in the economic debate for our television, in which you swapped your role at the microphone.

[Havel] The economic debate you mentioned will be broadcast on Sunday night, sometime after this conversation is broadcast. The talks are on Sunday, after lunch. It is a kind of an experiment. I simply felt the need, and I had an idea, to regularly, from time to time, say once a month, invite ministers or other politicians, officials or experts, and ask them on behalf of ordinary citizens about certain matters citizens are interested in. These are represented by a flood of letters in which people ask me certain things.

It occurred to me that for the first time in my life I could play the role of a television anchorman and that I would ask ministers about some pressing matters. We have already recorded the first one of these debates, and it should be broadcast on Sunday. Taking part are economists, economic ministers, both Czech and Slovak, and the federal prime minister. The theme was touched upon of an option of having a different economic policy in Bohemia and in Slovakia and, God willing, of different economic reform.

If television viewers like the program—they may not, because there are so many roundtables and discussions on television these days that they may not be interested—but if they like it, we will continue. I would like to organize a debate on farming, banking, security, culture, education, and health care. On the citizens; behalf I would like to ask people with authority in a given sphere about things which are of topical nature, and which bothers us all. [passage omitted]

Survey Views Politicians' Popularity

LD2204215291 Prague Domestic Service in Czech 1400 GMT 22 Apr 91

[(Marie Faisigova) report]

[Text] According to the latest survey, 77 percent of Czechoslovak citizens want Vaclav Havel to continue to play an important role in politics. He is followed, both on the federal and the Czech popularity ladder, by Jiri Dienstbier, Vladimir Dlouhy, and Marian Calfa. The situation in Slovakia is different. Vladimir Meciar with 83 percent remains the most popular politician there, although he lost 6 percent of his supporters. The person who has lost the most affection in Slovakia is Fedor Gal. In January he had 43 percent, while now he has only 9 percent admirers. On the other hand he gained followers among the Czechs and so, together with Jiri Dienstbier, Vladimir Dlouhy, Marian Calfa, Vaclav Klaus, and Dagmar Buresova, he is among officials eligible only in the Czech Republic. Apart from Vladimir Meciar, Alexander Dubcek also has more supporters in Slovakia and more opponents in Bohemia. Vaclav Havel as well as Petr Pithart and Petr Miller are liked in both parts of the federation.

I should add that the survey was carried out at the end of March and the beginning of April, or at the time when the crisis in Slovakia was just beginning.

Foreign Currency Savings Grow; Koruna Shrinks

AU2304084391

[Editorial Report] Prague HOSPODARSKE NOVINY in Czech on 18 April on page 9 publishes a chart (four by four inches) showing the "development of foreign exchange and Tuzex koruna savings of the population in 1990." The chart, which is attributed to Czechoslovak State Bank sources, shows that between 1 January and 31 December 1990, the volume of foreign exchange savings, converted to korunas, increased from 1.68 billion korunas to 9.79 billion korunas, that is, 483.6 percent. The number of foreign exchange accounts increased 214.2 percent. The volume of Tuzex koruna savings, on the other hand, declined from 1.47 billion korunas at the beginning of the year to 0.72 billion korunas at the end of the year, which is a 40.9 percent drop. The number of Tuzex koruna accounts, which can be used for purchases in a special network of shops selling mostly imported goods, declined 30.6 percent. In an explanatory statement, HOSPODARSKE NOVINY cites expectations of inflation, price liberalization, and further koruna devaluations as well as a "general distrust of the koruna's stability" as the main reasons for the rapid increase in foreign exchange savings.

Pithart on Czech-German Ties, Slovak Issues

LD1604210491 Prague Domestic Service in Czech 1700 GMT 17 Apr 91

[Interview with Czech Prime Minister Petr Pithart by unidentified reporter in Prague; date not given—recorded]

[Excerpts] [Reporter] Mr. Prime Minister, when travelling in Western Bohemia, the mayor of one of the towns there asked you about the agreement between the governments of the Czech Republic and the Slovak Republic about the transfer of the Slovak Romanies to the Czech lands. You denied it, but could you explain it to our listeners once again?

[Pithart] Naturally, I would be glad to. I deny it yet again very resolutely. I admit that I was fairly surprised that such a rumor can exist in the first place and that it can spread. No agreement exists and could not have been concluded. [passage omitted]

[Reporter] We have started talking about Western Bohemia. Let me remind you that last Saturday you delivered a significant address in Cheb. Why did you choose this town?

[Pithart] Cheb is a sensitive place in the organism of the Czech Republic. It is almost on the border which previously—in the spirit of a certain ideology—used to be called the border of a class-divided world. This border led along the line of the split in Europe—the Europe that now wants to become whole. At the same time it is a border between the Czechs and the Germans. The Czech-German relationship has been, is, and will be a significant theme. The manner of understanding and experiencing it tells me something essential about the future, about what will be. Cheb is, figuratively speaking, the place where we hear very strongly the question of the meaning of our Czechness which, unfortunately, we tend to forget. Cheb and the Cheb area are the participants in the beginnings of inter-regional cooperation between the Czechs, Saxons, and Bavarians. Cheb is also a reminder of Czech-German coexistence in the Czech lands and its tragic failure in the years 1938-1946. The westernmost part of Bohemia is thus some kind of a small-scale Europe, (?in pain and in hope). That is why I chose it.

[Reporter] Your Cheb address has not been published in full anywhere. Here and there, only certain minor passages have appeared. Which parts of this address do you personally consider the most important?

[Pithard] If I wanted to briefly express its theme, it would be bridge-building, connecting the divided, uniting the mutually alienated. That is why I talked not only about Czech-German relations, but about our entire

broken society and the need for its unification. I also spoke about relations between Bohemia and Moravia and mainly about the Czech-Slovak relationship. This relationship has become in the past few months even more problematic than before. I tried to find out why this is the case. At least, looking at it from the Czech point of view. Inasmuch as I see the future of our joint federation threatened, I expressed the willingness to work at overcoming this crisis, but also voiced certain conditions without which this effort would be in vain. there are simply certain limits beyond which we cannot make concessions. That is the joint economy, with all that stems from it, and bilateral endorsement of the civic principle as a common denominator, as something which unites us, not which divides us.

I mentioned joint economy. A certain saying that has appeared recently—specific conditions. This is a very dangerous, although at first sight, an innocent term. By being able to briefly express the essence of market economy at all, one has to say that the same rules are valid for everybody. The past system imposed conditions on everybody according to his standing, influence, friends, push and pull, and so on. Every enterprise was assigned consumption of materials, production—simply everything was adjusted to the actual conditions. In that situation it was impossible to tell who is better and who is worse, and that was the basic fault of the system. The same rules valid for everybody all over the territory—that is the essence of the reform, and specific Slovak conditions is a slogan which is against this. The federation simply needs some kind of a joint territory, otherwise we would be building it on two isolated islands and it would not be a federation even if we called it that way.

[Reporter] The Slovak side, as it appears, makes certain conditions. It will above all insist on the so-called state agreement. But, as far as I know the Czech side has rejected this possibility.

[Pithart] Yes, at first the Czech side unequivocally rejected it. But it was in this respect that I advised consideration in Cheb. The Slovak side rejected this idea at first because it understood it as it is currently being understood—that is, as an agreement between two completely independent states, states that are independent according to the international law. But I think that, for the time being, there has not been the opportunity for the Slovaks in greater detail to explain to us what they want. As far as I understand them, they would like some kind of an agreement of nations, rather than a state agreement, or an agreement of representatives of nations. [passage omitted]

We must consider the problem of the federation as a problem to be solved, not as an apple of discord. That is why I am constantly open to talks with the other side, whoever may represent it. Personally I strive for a non-confrontational approach, and I expect the same thing from the other side. That is a condition for any negotiation. If the Slovak side lays down conditions which it cannot change, we also lay down conditions. We cannot go beyond certain limits, either. All right, let us talk about our conditions. That is not unilateral concessionmaking. That is insistence on bilateral concessionmaking, or if you like, bilateral willingness.

Meciar Discusses SNR Presidium Session

AU2204144591 Bratislava SMENA in Slovak 18 Apr 91 p 2

[Report on interview with Slovak Prime Minister Vladimir Meciar by unidentified reporter; place and date not given: "A Permanent Session: Time Flies - Who Will Benefit and Who Will Lose?"]

[Text] Tuesday's [16 April] session of the Slovak National Council [SNR] Presidium --to which the Slovak Prime Minister was invited—ended shortly before midnight. As is his habit, SNR Chairman Frantisek Miklosko briefed journalists about the meeting. At the very beginning, he stressed that the SNR Presidium's final declaration will probably be known on Thursday [18 April].

He added: "I am taking the liberty of stating my opinion about the meeting. First we asked the Slovak prime minister to answer three principal questions regarding the Slovak Government's trips abroad. Specifically, we asked how the trips to Italy, Germany, and the USSR were prepared in the government, what agreements were signed there, and what agreements are still to be signed. We have received no answer to our first question, from which we have come to the conclusion that the trips were not prepared within the government, which has been confirmed in a certain way today. On the subject of the second question, I have already said that no agreements were concluded in the USSR, four agreements at the enterprise level were concluded in Germany, and one—also at the enterprise level—was concluded in Italy. In fact, we received no answer to the third question, that is, what agreements are still to be concluded. We told the prime minister that we learned from the press about an agreement on economic cooperation with the Ukraine that is to be signed in a short time. Vladimir Meciar spoke on this subject, and he told us many facts. In view of the fact that nothing has been written on paper, the Presidium feels that his words need to be verified. We came to no final conclusion on this point.

As far as the problem about using screening materials in the government is concerned, the discussion was difficult and not too pleasant. We were following up on the testimony of the four Slovak Republic deputy prime ministers and some ministers. They affirmed that documents and lists related to the screening appeared somehow on the prime minister's desk. The prime minister said that he found them there in the morning and he did not deny that, as a consequence of this, he spoke with people. We stated that there was a certain discrepancy in his statements on the screenings. We do not know why these materials appeared in his office. We have not come to a final conclusion about this point, either.

The third group of problems we discussed were some of Vladimir Meciar's statements; the Presidium thinks that, in view of his function, the prime minister should have better control of himself. The prime minister denied most of them. Again, this matter remains unanswered.

We then switched to the most important subject, that is, the government's ability to function. That is, the material submitted about the Slovak Republic Government's policy statement of July 1990, does not, in our opinion, correspond to the evaluation of the situation made by the prime minister. The situation will have to be dealt with because the economic situation is serious. The SNR Presidium cannot stand aside from all events taking place at this moment. We will meet on Thursday [18 April] to discuss further proceedings."

The SNR chairman then replied to some questions asked by journalists. He said on the subject of personnel changes in the government: "The prime minister said that Messrs. Kucerak, Ondrus, and others should resign. We told him that it was necessary to look at this problem in its full complexity and that it was not possible to stop at one or two names. The government's ability to function and the fulfillment of government declarations in all spheres must be reviewed—this will probably be a task for the SNR Committees. We are aware of the fact that time is flying and that we will have to sit permanently."

Apropos the demand made by the Public Against Violence [VPN] movement Coordinating Center to recall Prime Minister Meciar, he said that this proposal has ceased to be interesting, because the whole matter has moved onto the SNR forum. Political arguments, supplied by the VPN Coordinating Center, have grown into the aforementioned broader context, Fratisek Miklosko said finally.

The Prime Minister Commented on All Points

Slovak Prime Minister Vladimir Meciar, having left the room in which the SNR Presidium had held a meeting for more than nine hours on Tuesday [16 April], granted an interview to journalists. He gradually commented on all points that he had explained to the SNR Presidium members.

He rated the Slovak Republic Government's foreign trips as successful and beneficial. He considers any questioning of their results harmful to the interests of not only the government, but also of the Republic. It is necessary to continue developing contacts with foreign countries. As far as the suspicion that State Security materials appeared in his office, he said: "I am in such a situation that I am responsible for someone sending them to me. It is ridiculous. Unfortunately, the materials have not survived because I destroyed them. However, I briefed the SNR chairman on everything I received. I have not misused them. Further, they interrogated me about my public statements. The question was how to explain one's opinion, that is, opinion was put against opinion. They do not have to agree with my statements. We do not have to dislike one another because of this. Well, the fourth sphere was connected with the government's ability to function. I presented proposals for personnel changes that the SNR Presidium should deal with. The principle is, however, that trust should be renewed, and we also have to look at the quality of the people. If not, the crisis will worsen. Finally, we agreed, and I have a good feeling because of this, that we have an enormous responsibility for the future of the country. This cannot be done by slogans but by hard work. I have never had personal interests. I am such as I am, and I told them that if they wanted to replace me I would not be against it and that I would not organize any protest actions. I want to add that the SNR Presidium will be in session for a longer time because an interesting situation has arisen. It is thought that if some group in the government moved, it would have an impact on votes in parliament. All variants look like crisis variants, however. There are some who are overconfident. If a government is established and is not accepted by certain political groups, then it could easily happen that this government will be a minority government. I have said that in many countries they would accede to extraordinary elections, which may not be good for Slovakia at the moment.

[Reporter] Do you think that your recall—at the instigation of the VPN Coordinating Center—is a primary problem after today's (Tuesday's) meeting?

[Meciar] Even in the SNR Presidium there were at least four people who voted for my recall and also for Minister Milan Knazko's recall. To a certain degree, this political problem has even been transferred here. Today, we spoke matter-of-factly about the republic. We have stopped looking at the matter from a party point of view. Unification must happen.

[Reporter] Is there hope that after the situation is solved, Slovaks will not be viewed as envious and quarrelsome people, but as people capable of entering Europe?

[Meciar] I have never considered them to be quarrelsome. There are some like that, but the majority of the nation is dynamic and has a sound core. I belong among those who love this nation. It depends what solution the deputies will present in party collectives after today's meeting. We will see; I am ready to accept any solution that will be to the benefit of the citizens.

[Reporter] There are difficult tests—related to the energy price increases and so on—awaiting the government. Is the government ready for it?

[Meciar] In its present composition, the government is not able to face pressure from the citizens. The government is not capable of accepting a unified concept. This has also become apparent at today's meeting of the government at which the concept for coordinating economic reform, presented by Deputy Prime Minister Jozef Kucerak, was not accepted. Yet, this is one on the most important problems. If more bitter social attacks arise, the situation will become complicated.

[Reporter] Could such circumstances arise that would force you to resign?

[Meciar] There are no such circumstances. As long as I have the support of the population and while I have responsibility toward it, I will not do it. This is what I told them today. If they recall me, they assume responsibility for this decision. Much will depend on this. To a certain degree, it will influence the government's concept, the situation of political forces in Slovakia, and also the manifestation of some social phenomena. You know that I am reproached with having social feelings and even that I carry out "putsches". These facts are a certain source of tension.

[Reporter] What is your opinion about Federal Assembly Deputy Michal Blaha's statements in connection with Jaroslav Svechota, Slovak Republic Deputy Interior Minister, and with you personally?

[Meciar] I do not understand why I am entangled in this affair. What are they blaming me for? I do not know anything about that. Today, we analyzed how Mr. Svechota got into the Ministry of the Interior and Meciar was one of the three people who had decided about it. Yet he was the last one to give his consent. At the same time, at least one of the three had a superior position to mine. Did he work for me? Mr. Svechota was never subordinated to me when I was interior minister. He was subordinated to the Office for the Protection of the Constitution. Our relations were strained for a certain period of time. He was not dependent on me and he never did anything for me. Let those who have a part in it explain the circumstances surrounding his appointment as deputy interior minister. They are aiming at Meciar, but they will miss. I have told the Slovak Republic Interior Minister my standpoint. Deputy Blaha's discoveries have a lot of flaws.

[Reporter] SNR Deputy Anton Andras, former Slovak Republic interior minister, returned from a short-term attachment and said that he would refer to your activity as manipulation with facts.

[Meciar] Do you really want me to comment on every rubbish? He should have proven his capability while at the ministry, not now. Today Minister Pittner runs the ministry well and wisely.

[Prague LIDOVE NOVINY in Czech on 18 April on page 3, under the headline "To Get Ready and To Wait Silently", carries a 700- word CTK report on the above SNR Presidium session. The report contains the following passage: "Prime Minister Meciar is determined to come to the upcoming VPN Assembly in Kosice in any case. 'If someone thinks that they will invite us to a tribunal and they will do what they want there, then he is badly mistaken,' said V. Meciar. The estimate is that about 90 percent of the VPN movement's membership base has shifted toward the For a Democratic Slovakia platform. 'We have to prepare ourselves organizationally, adopt statutes, and wait silently until the elections,' stressed the Slovak Prime Minister."]

Meciar Explains Accusations Against Him

AU2304104491 Prague RUDE PRAVO in Czech 18 Apr 91 pp 1, 3

[Interview with Vladimir Meciar, prime minister of the Slovak Republic, by Dalibor Macha and Pavol Minarik; place and date not given: "Meciar Traps"—first paragraph is RUDE PRAVO introduction]

[Text] Vladimir Meciar, prime minister of the Slovak Republic, has been the most popular person in Slovakia for several months now. A great part of the public prophecy his eternal fame and a "monument" in his lifetime. His political adversaries, on the other hand, foretell the prime minister's fall. So, we asked him:

[RUDE PRAVO] How can you explain that you are even more popular in Slovakia than President Havel is?

[Meciar] Popularity is always fleeting. When I assumed the post of prime minister, I could not have said of myself that many people particularly recognized me. Time gradually changed this. People apparently see today the results of my hard work—what happened, what has not happened, and what could have happened.

[RUDE PRAVO] We understood; an exhaustive answer would not be easy for either you or the president. So, how will you respond to the suggestion—and perhaps also the wish—of LIDOVE NOVINY that you could be replaced in your post of prime minister by Jan Langos, current federal minister of the interior?

[Meciar] It does not matter who will come after me, as long as he will lead Slovakia well and think of the people. However, if the choice is to be made, it should be made by the Slovak National Council and Slovak political movement, and not by LIDOVE NOVINY.

[RUDE PRAVO] It would be difficult to find another politician who would have more adversaries than you have both in Prague and in your own government. Nonetheless, you hold on.

[Meciar] I am not holding onto the post, and I am definitely not trying to hold onto it at any cost. I am held there by people who identify with the policies I represent—despite some people trying to talk them into believing that what I do is wrong and unfair.

[RUDE PRAVO] Would you not attribute your popularity to populism more than to anything else? You adversaries say that you have attractive politics, that you are generous with promises but will hardly be able to keep them.

[Meciar] Consider this: Those who make these claims conduct exhaustive analyses of all my speeches. Despite all these analyses, nobody has ever noticed a promise I made that has not been fulfilled. Then, what about populism? These reproaches are inspired by my appearances because I speak the language of a normal ordinary person, and people understand me even without flowery

words. It does not make me feel ashamed. Actually, I can say that in the past I have found more wise people and philosophical views among the dirty and wretched laborers than among some contemporary politicians.

[RUDE PRAVO] It is no secret that particularly most of your deputy prime ministers but some ministers as well have objections to you.

[Meciar] It is typical of my deputies that if I criticize them at the government session, they sit quietly and do not offer any resistance. They gain courage only as they enter the Public Against Violence movement's facilities and are among their friends. I criticize them for lethargy and they criticize me for being too demanding.

[RUDE PRAVO] Your statements sometimes shock people and cause havoc particularly among journalists. An example: You say that you brought from abroad 100,000 jobs for Slovaks, and it does not correspond to reality. Or you mention that you spoke with Soviet generals about armament production. And, for the sake of completeness, you threaten that no property will be returned to traitors and collaborators. That is not far from the conclusion that "Meciar lies."

[Meciar] I have never said that I brought 100,000 jobs, but 104,000 of them.

[RUDE PRAVO] Where do you get such precise figures from?

[Meciar] This number is the result of deals that have already been closed and of those that may be closed in the near future. We calculated the data with some ministers using a survey of employment in various sectors. Our diagnosis is not very complex: If we manage, for instance, to orientate ourselves toward the eastern market and preserve trade contacts with the Soviet Union, there will not be that many unemployed.

[RUDE PRAVO] What about your second "lie" about the clandestine dealing with Soviet generals?

[Meciar] I had no such secret meeting, there was no time.

[RUDE PRAVO] Was it a joke?

[Meciar] It concerned the fact that Soviets generally approved exports of our arms produced under their license. I contemplated using the statement that was later attacked. Especially, whether the journalists who are willing to make an idiot out of me, cost it what it may, will recognize the fact that a prime minister would hardly speak publicly in front of several thousand people about secret talks with Soviet generals.

[RUDE PRAVO] Which journalists do you have in mind?

[Meciar] Mostly the ones from the Czech area took it at face value. Today, I can only say that I should have used different syntax and different phrasing to stress the irony.

[RUDE PRAVO] Were you serious about making a gift to traitors and collaborators that, according to you, was being prepared?

[Meciar] A bill on land that included mention of a revision of the Slovak National Council resolution of February 1945 concerning the confiscation of property was recently submitted to the government. I remember that I received the bill at 0830, and there was a recess in the government until 0845 so we could verify the contents of the document. I objected because it concerned a revision of the resolution that concerned the nationalization of the property of traitors and collaborators, Hungarians, Germans, and Ukrainians. After all, there are political agreements guaranteeing that we would not go farther back than 1948.... Thus, those who accused me of telling an untruth, themselves lied. It is sufficient to examine the material then submitted to the government to find out that the plan existed. However, I have gotten used to this. As soon as I draw attention to a certain socially sensitive problem, it is said that I am either not sufficiently informed or indisposed.

[RUDE PRAVO] So, they are not always fair to you "at home." Do you get along with someone in Prague?

[Meciar] I believe that a real guru, a true pundit of the "Czech" political scene, is Vaclav Vales, deputy prime minister of the Federal Government, who has been planning his retirement from the government. I would really be sorry if he did retire. I told him that as long as I am the Slovak prime minister, he can be certain of an asylum, a place, and a job in Slovakia with a salary equal to what he has now. I would not even ask him in advance how much he makes.

[RUDE PRAVO] You worked in a factory in Nemsova; it was shift work....

[Meciar] If you want to ask about my past, you can ask right there. You would not be the first to do so. Last November, even some security people went there and investigated whether I had lovers, did I smoke or drink, was I a shirker.

[RUDE PRAVO] Should we understand that you are under the surveillance of the Federal Information Service [FIS]?

[Meciar] When I established that they were doing this, they responded with a claim that one morning at 0550 they just went "to check where I live." Only, I knew that they spent several hours there. Moreover, my family noticed they were being followed by a car with the same license plate. In addition, several times there was also another vehicle of the Office for the Protection of the Constitution. Hence, if the FIS claims that it was "a coincidence," it will probably have to explain it. Otherwise, I will ask the parliament presidium to do so.

[RUDE PRAVO] Do you have any evidence?

[Meciar] Yes, I do, and not only that. The staff of the Office for the Protection of the Constitution, the present

FIS, and some service staff in Kosice as well as others in Prague and other cities prepared a provocation against me. Their goal was "to prove" that I applied for admission to the Communist Party of Czechoslovakia, or that I am an agent of the State Security or even of the KGB. None of it is true. Such practices were used against me as recently as the end of last year. There are people who gave me their written admission that they took part in this filth. Others admitted it orally before me and other witnesses.

[RUDE PRAVO] Why do you not defend yourself publicly?

[Meciar] I believe that there is a danger of a revival of the police regime and every decent person must defend himself against it. I am no exception. Yes, my post is a public one, but I object to heaven knows what kind of people from some institution shadowing anybody without legal grounds and eventually putting even the prime minister on the level of drug pushers and murderers. I drew the federal interior minister's attention to all this. However, he has not even ascertained the number of articles published against me in the press. I even acquainted the president of the Republic with the facts, and that there is a limit to my tolerance of these insults.

[RUDE PRAVO] Allegedly, there were two attempt on your life last year.

[Meciar] Yes, there even is documentation. I received a statement about prosecution being initiated against unknown assassins. However, I also received a letter stamped by a certain office with information that the criminals are at an unknown location. The prosecution was terminated—I should watch out for myself.

[RUDE PRAVO] We do not doubt that you are well protected.

[Meciar] I could tell you stories. Officials from the Office for the Protection of Constitutional who provide me with protection had a so-called second department that kept records of people seen near me. Their duty among other things was to gather evidence that I was shadowed. I do not know whether it was just a coincidence but on an order issued by the interior minister—without my previous knowledge—FIS officers came to Bratislava. They dissolved this "second" department, dismissed all the staff, and expropriated all papers found there—with the exception of the toilet paper. It is unusual, to say the least, that constitutional officials behave like that toward other constitutional officials.

[RUDE PRAVO] The FIS certainly has some powers even in Slovakia. What are they?

[Meciar] I was also interested on what legal basis the FIS staff operates in the territory of the Slovak Republic. I inquired about it in a letter to the minister of the interior, but so far I have not received an answer. I even know of instances when the FIS agents in Kosice checked how papers are sold at the newspaper stands and how many remainding issues there are....

[RUDE PRAVO] How is another kind of investigation progressing—on the expedience of your trips abroad, that were described by Minister Knazko as having a single fault, namely success?

[Meciar] They were exceptionally successful in every respect. I can document that.

[RUDE PRAVO] With facts?

[Meciar] But, of course. For example, our trip to Germany brings to Slovakia hopes of investments in the amount of several billion—in marks. Do not ask me to tell you with whom and how we came to terms—it is my secret. If I leave, it will go with me. If this cooperation is realized, Slovakia will benefit from it for 20 or 30 years and that includes employment. We reached an agreement with the Russian federation that it will release $100 million for trade with Slovakia. The Ukrainian Republic will get involved, too. We agreed on establishing a joint bank, during the transition to the settlement in national currencies. Such advantages, according to information available to me, were not given to any other country.

[RUDE PRAVO] Tell us, would you like the variant "Meciar to the Castle"?

[Meciar] The castle is occupied. Meciar is not pushing his way into it. If Meciar longs for something, then the subject of his desire is the same as that of his children: to return sometime to a normal, peaceful, quiet family life in the mountains.

Miklosko, Meciar Interviewed on Slovak Talks

LD2004222791 Bratislava Domestic Service in Slovak 1704 GMT 20 Apr 91

[Interviews with Slovak National Council Chairman Frantisek Miklosko, by Lydia Mrazova, and Slovak Prime Minister Vladimir Meciar by Mrazova and Ludmila Bulakova, not individually identified, in Bratislava on 20 April—recorded]

[Text] [Mrazova] Mr. Chairman, yesterday the Slovak National Council [SNC] Presidium decided to ask you to summon representatives of the parliamentary political parties and movements to brief them on the SNC Presidium's standpoint on the current internal political situation, and also to discuss with them their views and suggestions for possible ways of resolving the situation that has arisen. So what did you achieve today?

[Miklosko] I would say that we met not to argue; we met to tell one another the basic information, the basic premises or the basic attitudes and views, that we are in a position to state at this moment on behalf of the different political parties and movements—and to hold talks with weekend, over Saturday and Sunday, within these movements. There is also expected to be another

meeting on Monday. We discussed the issues I put to them, and they all stated their views without discussion.

[Mrazova] You say without discussion—does that mean it was a monologue on your part?

[Miklosko] No, it was without discussion in the sense that I asked questions to which the answers or views of the different movements are not necessarily common knowledge, and when the respective members or representatives of the movements stated their view we did not argue about whether they were right or not. It was an exchange of information about how the different parties and movements view these problems, and in that respect I did not enter into any discussion either—so it was a clarification of standpoints.

[Mrazova] You say that you wanted to clarify standpoints—on what in particular? On the government's ability to function, as it has been termed?

[Miklosko] Let me first read my notes here, and then I will be able to tell you some of the views. The question was how the different parties and movements view the government's present ability to function, and ways of overcoming the political and personal discord within the government—what their views were on economic reform, on the reconstruction of the government, on the reconstruction of the SNC presidium, on the number of deputy premiers and deputy chairmen of the Slovak National Council, whether it is possible to modify the coalition—that means if changes were made, whether a government could be constructed on the basis of a new coalition. So we wanted to know their views on that, and also whether the parties and movements could countenance the post of a given minister of the prime minister—this is a hypothesis for the time being—being taken by a recognized specialist in the field—that means someone independent of any party or movement. So these are the issues on which the different parties and movements gave their views.

[Mrazova] Did any specific names come up in this connection?

[Miklosko] No, we said as a matter of principle that we would not be discussing any names. What we were interested in was fundamental standpoints. Now I can outline what views were expressed. A view on whether the situation in the government has reached the point where some changes need to be made was expressed unambiguously by all, except for one representative.

[Mrazova] Can you tell us which one?

[Miklosko] No, I do not think so, because we said that we would be discreet about this. The view on the economic reform was basically the same, though a certain shift of opinion was voiced by certain movements—a shift toward the NEZES [Nezavisle Zdruzenie Ekonomov Slovenska, Independent Association of Slovak Economists] group of economists, but by and large there was agreement that the economic reform as such is vital, but with the proviso that there are certain specific Slovak features, and that many problems in fact have arisen from the fact that there have been misunderstandings, that there was a communication problem.

Views on reconstructing the Presidium differed. Two, or in fact three, of the movements took the view that the Presidium needs to be expanded or reshuffled to attain proportional representation and not, as before, representation only within the coalition. The views on deputy chairmen of the SNC and on the deputy prime ministers were that they could countenance a smaller number of deputy prime ministers, but on the SNC the views differed. Some thought there could be more deputy chairmen, others thought proportional representation should apply to the SNC deputy chairman, too. Many inclined to the view that between the Presidium and the government, and between the inner presidium—in other words the deputy chairman, the chairman, the deputy prime ministers and the prime minister—and the government there should be some sort of set ratio. In other words, if the government is to be functional and enjoy the backing of parliament, then the political ratios should not differ too widely.

On the possibility of modifying the coalition, some of the parties took the view that even if they were not represented in the coalition, they could envisage supporting certain policy planks; others said they could envisage the coalition being modified or expanded, but hardly narrowed down. On the matter of a post being taken by a recognized specialist, almost all took a negative view, particularly with respect to the post of prime minister, on the ground that at a time no only of economic reform but also of drafting the new constitutions and the Slovak Constitution, they would find it difficult to countenance someone who could not give any sort of expression of the political trends that exist here. So the possibility of a post being taken up by some sort of independent bureaucrat or recognized specialist was practically ruled out.

[Announcer] On Monday, at 1700 [1500 GMT], when these same representatives will be meeting again, the results of their discussions are expected to be rather more specific than those held for information purposes today. Lydia Mrazova and Ludmila Bulakova were also interested to know what Prime Minister Vladimir Meciar's view was on the statement by the SNC Presidium.

[Reporter] Just as you were beginning your session, representatives of the parliamentary parties were conferring with SNC Chairman Frantisek Miklosko on yesterday's statement by the SNC Presidium on the government's inability to function properly. What is your view of the Presidium's statement?

[Meciar] I agree that the government is not functioning properly, but I disagree with the reasons why it is not functioning properly. The government's inability to function is not because we have been internally unable to

work together, but because that inability has been introduced from outside. The conflict, or differences of opinion, that have arisen in Public Against Violence [VPN] have resulted in certain members of the government being given direct instructions to change the way they operate within the government, and confound its activity. People who, until now, have managed to do their job despite holding different views, have suddenly become difficult and stubborn, and have been causing misunderstandings, conflicts, and unnecessary problems. Another reason I say that this has been introduced from outside is that Slovakia has had something which is unique in Europe—model coalition talks, which have been taking place once a week, attended by representatives of the political parties—and in essence they have been making the decisions it was the government's right to make. So the prime minister bore the responsibility, but decisions about what should be done, and how the ministers should vote, were made by others, who had not even read the documentation coming in to the government. This is surely not normal.

The third factor in the government's inability to function properly is the attitude of the SNC, which has not paid any attention for a long time to my warnings about factual problems and personnel placings. When I pointed out the factual reasons, it only made light of them. So as far as the government's ability to function properly is concerned, what we are seeing at the moment is a game of political poker. For example, the talks has even come to the point of discussing whether it would be a good idea to have, say, Klepac as prime minister, with Carnogursky being kept somewhere in the wings, so that at the right moment he would suddenly pop up—or, if the economic situation was not favorable, he would keep his head down, because it would not be a good idea for his leadership to be identified with negative impacts in the country. Or whether it would be advantageous (?in) VPN to play poker for the post of prime minister of the Slovak Republic, or some other position in Prague, (?where these stakes are also being played out). One aspect of my discussions about the future composition of the representatives is interesting: When I asked the Christian Democrats if they wanted the SNC chairman to come from these ranks, too, I received the answer: But he already does!

[Reporter] Mr. Prime Minister, I wanted to ask you if you have officially received the statement adopted yesteday by the SNC Presidium?

[Meciar] As far as the discussions in the SNC Presidium are concerned, I was given the express assurance that I would be invited, and that everything would take place in my presence. I was naive enough to expect that this is what would happen, but they evidently decided otherwise. Anyway, what use would I have been there? I would only have spoiled things for them.

[Reporter] So officially you still have not received the standpoint of the SNC Presidium?

[Meciar] I was not invited, I have not received anything, and if the Slovak political scene takes a turn whereby everything is to hang on personnel changes in the government, while the Presidium continues to operate as it does, then it is a poor prospect, and bad news for this country!

[Reporter] Mr. Prime Minister, you have just said that a game of political poker is being played out. Are you afraid that while you are away in Hungary, the cards will be dealt out, and you will get a bad hand?

[Meciar] What do you mean a bad hand? Is it a bad hand if I come back and find that I am no longer Slovak prime minister, that they send me back to my family, they send me back to a normal private life, that I can finally begin to get some exercise and get rid of this flab, that I will finally be able to catch up with my sleep and recreation?

Meciar Criticizes Slovak Council Presidium

LD2304075691 Prague Domestic Service in Slovak 0700 GMT 23 Apr 91

[Text] At its session today the Presidium of the Slovak National Council [SNC] should resolve the crisis in the Slovak government and possibly recall some of its members, including the prime minister. Vladimir Meciar told journalists yesterday that the Presidium's reasons are a falsification of facts. He pointed out in particular the undemocratic representation in the SNC Presidium—which should be reconstructed according to him—and to the standpoint of the Christian Democratic Movement. That, according to Vladimir Meciar, played a neutral role at the beginning, used tactics, and then joined the others by which it solved the whole matter.

Newspapers View Meciar Dispute

LD2304085291 Prague CTK in English 0708 GMT 23 Apr 91

[Text] Prague April 23 (CTK)—The leftist daily RUDE PRAVO publishes the second part of an interview with Slovak Premier Vladimir Meciar (part one printed on April 18). Asked for his forecast on the Slovak political scene in the next few days, says Meciar, "I do not know what the next week will be like, but I have a clue about the next six months. We will see a severe worsening of the economic situation. If the group trying to get me out of office is tiumphant, the next to take power will be radicals without a longterm conception. Not to mention the fact that they lack sensitivity to social issues. I believe that this group will be swept off the scene by the course of events within half a year, but the price to be paid for that would be too high.

Asked "what is the substance of the dispute between you and the Castle (seat of the Czechoaslovak president - ed.)?", Meciar replies that the situation in the Czech Republic "is moving significantly to the right" and that he is the key to "whether a centrist policy will prevail (in Slovakia) or whether it will also veer to the right". The

interviewers write that in the eyes of Meciar's Slovak supporters, attacks on him are an injustice inflicted by Prague on Slovakia.

The daily MLADA FRONTA DNES carries an interview with Slovak Deputy Premier Jozef Kucerak. It is known that Meciar and Kucerak are in conflict with each other and the Slovak premier has been callling for Kucerak to be replaced. Says Kucerak, "if the reform we are attempting continues, the result will be economic dependence between businesses and citizens . . . , with the same rules of enterprise from (one end of the federation to the other) . . . . but this reform will have nothing pleasant to offer citizens in the near future. Still awaiting us are rising prices, a decline in real wages and pensions, unemployment and the end of some enterprises".

The economic and political daily HOSPODARSKE NOVINY comments on the problem of labour migration, writing "for more than 40 years the West set out freedom of movement and travel as one of the main conditions for better relations with the East. Consequently it would be ironic if the Iron Curtain were replaced by a silver one, separating the impoverished Europe from the rich. Migration of labour can become a means to protect against that and to support the East's attempts to reform in accordance with the economic needs and possibilities of the West".

Bratislava—All Slovak papers today report extensively on the talks of Slovak National Council (parliament) Chairman Frantisek Miklosko with representatives of political forces on the government crisis in Slovakia and possible solutions to it.

In comments on the developments, Democratic Party (DS) Chairman Jan Holcik tells the Christian Democratic Movement (KDH) Newspaper Slovensky Dennik that as minister for industry he regrets that destablisation of the political scene has a very unfavorable influence on external economic relations. Greens Party Chairman Peter Sab says that if Premier Vladimir Meciar were to be dismissed, the alternative for the Greens would be KDH Chairman Jan Carnogursky. Current Slovak Deputy Premier Carnogursky is also acceptable to Public Against Violence (VPN) leader Fedor Gal, who describes Carnogursky as a rationally calculating politician of European stature. External Relations Minister Milan Knazko, a member of Meciar's VPN faction "For Democratic Slovakia", says that Meciar should remain in office and a reshuffle should take place in other government posts. According to Knazko, the Slovak National Council presidium does not reflect the composition of the parliament and the work of the ministries should be assessed by experts. Parliament Chairman Miklosko confirmed that the possibility that the presidium could dismiss some government members today, including the premier, was discussed.

Miroslav Kusy, a VPN leader, writes in the VPN daily VEREJNOST that Premier Meciar is convinced that government means to govern and that he is now obstructed from governing freely by the parliament presidium and those deputy premiers and ministers who hold different views on some matters. This is why he is calling for a reshuffle in the parliament presidium and the dismissal of some ministers. He demands unconditional obedience from the highest legitimate representatives of the nation, chosen in the first free elections. He thus wants them to renounce the newborn democracy and adopt the "leader principle" which is incompatible with democracy, Kusy writes.

The Democratic Party paper "CASS" says the complex political situation in Slovakia influenced Monday's talks in Budapest of a Czechoslovak Government delegation led by Vladimir Meciar on Gabcikovo-Nagymaros, the Czechoslovak-Hungarian water and electricity project on the Danube (Czechoslovakia wants to continue work, Hungary has stopped:, no agreement was reached - ed). Nevertheless the Slovak side has the advantage that there exists a contract which was never terminated, the paper says. It also writes about the related of Hungarian bauxite [sentence as received]. Formerly sold to the Soviet Union, it is now supplied to the Slovak metallurgical works at Ziar Nad Hronom. To process the bauxite, the works needs more energy, which should come from Gabcikovo. If economics triumphs over politics in the negotiations, cooperation in the completion of the Danube project would be beneficial to both sides, CAS writes.

Time Not Right To Fire Meciar Says Party Chief

LD2204135791 Prague Domestic Service in Czech 1030 GMT 22 Apr 91

[Excerpts] Slovak National Council Chairman Frantisek Miklosko is continuing his talks in Bratislava today with representatives of the political parties and movements with the aim of clarifying problems and contributing to a solution of the internal political situation. [passage omitted]

Slovak National Party [SNP] Chairman Jozef Prokes said that they had discussed above all the stability of the Slovak Government, the dismissal of some of its members, and the consequences that might cause. He added that in particular the Slovak National Council Presidium should be restructured, and that the SNP evisions the setting-up of a new Presidium on the basis of proportional representation. Jozef Prokes said that specific names were not discussed in his meeting with Frantisek Miklosko.

The SNP chairman also expressed the view that now is not an appropriate time to dismiss Prime Minister Vladimir Meciar.

Antall, Nemeth on Presence of Nuclear Weapons

LD2304091191 Budapest MTI in English 0713 GMT 23 Apr 91

[Text] Budapest, April 23 (MTI)—As reported previously quoting from the article in Saturday's NEPSZABADSAG, Antal Annus, secretary of state at the Hungarian Ministry of Defence, raised the possibility that Hungary was once also a depot for Soviet nuclear warheads. In an interview published in the Monday issue of the paper, Karoly Grosz, former general secretary of the one-time Hungarian Socialist Workers, party (HSWP) made a statement on the issue.

Today's NEPSZABADSAG, carries an interview with former Prime Minister of Hungary Miklos Nemeth, who speaks about nuclear warheads in Hungary.

Miklos Nemeth, prime minister of Hungary from November 1988, said, he had been informed on the storage of such devices on Hungarian soil in december 1988.

"I received the information in the Hungarian Ministry of Defence, in the presence of Karoly Grosz. He, however, has never mentioned to me, either then or later that he had tried to do anything in the course of his talks with Gorbachev to have these devices withdrawn from the country", Nemeth said.

Nemeth said he had held talks in Moscow on the removal of Soviet nuclear devices from Hungary.

"During my first trip to Moscow, in spring 1989, I mentioned then Soviet Prime Minister Ryzhkov the issue of removing these devices from Hungary. At the end of my visit I was told that Gorbachev had been informed both on the issue of nuclear devices and that of Soviet troops withdrawal from Hungary—these issues had earlier been discussed on party level but I was the first person to mention them on a governmental level—and I would be notified on the decision."

In autumn 1989, Nemeth received an official telegram from the Soviet ambassador in Budapest, according to which the Soviet nuclear devices have been removed from Hungary, in compliance with Hungary's request.

The Hungarian Ministry of Defence checked and confirmed the fact that the devices had been removed.

"I informed Prime Minister Jozsef Antall on all these things in the course of handing over affairs", Nemeth said.

The Tuesday issue of NEPSZABADSAG carries a short statement by Prime Minister Antall on this issue.

"The statement of Miklos Nemeth corresponds to facts. In the course of handing over the office, emphasizing his full responsibility, he informed me that earlier there had been nuclear devices on Hungarian soil but they had already been removed. I acknowledged the information, which was also confirmed by Hungarian military leaders and other reliable sources later," Antall said in his statement.

Also in Tuesday's NEPSZABADSAG, a high-ranking Hungarian military expert stated that Soviet nuclear devices had been deployed in Hungary for about 15 years. According to the expert, Soviet missile units having nuclear devices were stationed near the Hungarian settlements of Dombovar and Baj (both W Hungary).

Retired Brigadier General Janos Sebok, former commander of the Hungarian missile unit stated in an interview carried by the Hungarian daily NEPSZAVA that the date of the removal of nuclear devices from Hungary had been June 30, 1990, i.e. The date of the withdrawal of Soviet missiles.

According to Sebok, Soviet nuclear devices had been deployed in the Bakony hills, near Nagyvazsony (W Hungary).

Katona on General Agreement With Soviet Union

LD2304090991 Budapest MTI in English 0641 GMT 23 Apr 91

[Text] London, April 23 (MTI)—It is not the point to conclude an agreement with the Soviet Union or to organize a summit at any price but to come to an agreement that is up-to-date and serves the interests of both sides, Tamas Katona, political state secretary of the Hungarian Foreign Ministry told MTI's correspondent in London on Monday.

Katona is currently attending an international conference in London.

"We are ready to give the Soviet Union all the 'negative' guarantees for security to which it is entitled and we are asking for similar guarantees for ourselves. We, however, consider the Soviet demand that neither side enter any organization directed against the other outdated, and we think it recalls times before the change of the system," Katona said.

"Though we can conclude an agreement under equal conditions, Hungary and the Soviet Union will never be in one 'class'. In case the concept of 'enemy organization' is defined by Moscow, I wonder whether Hungary might be barred from becoming a member of the EC," katona said.

"We have already come to agreement in nearly all the questions and there are only problems of terminology to be solved, so as not to make the agreement either too restrictive or too general but to make it correspond to the reality of the late 20th century," Katona added.

"We have, of course, co-ordinated our views with Czechoslovakia and Poland," Katona said.

Progress in Soviet Trade Talks Assessed

LD2304025991 Budapest MTI in English 1250 GMT 22 Apr 91

[Text] Budapest, April 22, 1991 (MTI-ECONEWS)—The head of the Soviet Government has just ordered the Soviet Foreign Economic Bank to issue a promissory note in the near future for up to 65-70 per cent of the value of l/cs [letters of credit] opened by East European countries.

The prolonged, no-nonsense talks senior officials of the Hungarian Ministry of International Economic Relations have been having with representatives of the Soviet Ministry of Foreign Economic Relations are bound to have played an important role in the decision.

The Soviet Foreign Economic Bank has opened l/cs worth a mere 70 million USD [U.S. dollars] for Hungarian deliverers so far this year. This decision now means that it is likely to open further l/cs worth between 150 and 200 million USD for Hungarian companies in the near future.

Preliminary figures suggest that Hungarian exports to the Soviet Union amounted to 85 million USD in the first quarter of the year, while imports from the Soviet Union were valued at 450 million USD, of which energy accounted for nearly 400 million USD. Rouble exports were worth 228 million USD, while imports were valued at 147 million USD. Rouble accounting ended in bilateral trade on March 31.

The Hungarian delegation Deputy State Secretary Lajos Berenyi headed to the Soviet Union and conducted talks in Moscow over the weekend, and was given the promise of an eventual possibility that Hungary will be allowed to export pharmaceutical products and foodstuffs, and perhaps certain machine spares, to the Soviet Union under barter arrangements.

The indicative list of goods the Hungarian and Soviet ministries of international economic relations approved for bilateral trade this year comprises Hungarian goods deliveries worth 1.7 billion USD and Soviet exports to Hungary worth 2.1 billion USD.

Foreign Ministry on Iraq, USSR Trade Talks

LD2304025891 Budapest MTI in English 1233 GMT 22 Apr 91

[Text] Budapest, April 22 (MTI)—On Monday Spokesman Janos Herman revealed to journalists the Hungarian Foreign Ministry's position condemning the present Iraqi system which compels a major proportion of the civilian population, mostly Kurds, to flee from the country. According to the document, it is regrettable that Baghdad disregarded the appeal issued by the UN Security Council in the interest of the Kurdish minority. The Hungarian Government regards the US-British-French co-operation in setting up refugee camps as an indispensable humanitarian action, one that can no more be viewed as directed against any country in the region, than it can be viewed as an intervention in the internal affairs of any of the countries.

The spokesman also reported on Soviet Deputy Foreign Minister Yuliy Kvitsinsky's arrival in Budapest on April 27. He will go ahead with the talks begun with Deputy State Secretary David Meiszter in Moscow concerning arrangements for the new Hungarian- Soviet basic agreement.

Tamas Katona, secretary of state at the Ministry of Foreign Affairs, will pay a one-day official visit to The Hague on April 24. He is to confer with the state secretary in charge of European affairs at the Dutch Foreign Ministry, and meet Minister of Foreign Affairs Hans van den Broek.

On April 25-26, Tamas Katona will attend a seminar to be organized by the London-based Institute of Strategic Studies and the North Atlantic Treaty Organization in Stirin near Prague, and give a lecture entitled "European Integration and the East-Central European Countries".

Enzo Perlo, political general director at the Italian Foreign Ministry, is expected in Budapest on April 23-24.

Speaking about the talks held by David Wright, deputy secretary at the Canadian Ministry for External Affairs and International Trade, in Budapest from April 15 to 17, Janos Herman said the partners had been in agreement as to the necessity and possibility of developing bilateral ties. The Hungarian side proposed concluding an agreement on the gradual cancellation of the visa requirement. The talks touched on Canadian Secretary of State for External Affairs Joseph Clark's forthcoming visit to Budapest. Prime Minister Jozsef Antall is planning to visit Canada in early October, and President Arpad Goncz is also due to travel there officially this year.

By way of conclusion, Janos Herman said that the 15-strong group sent to Kuwait by the UN Organization for Environmental Protection is being headed by Hungarian hydrologist Dr Peter Literati, who has spent 10 years in Kuwait doing water quality research.

Slovak Prime Minister Continues Official Visit

Talks on Dam Project Begin

LD2204124691 Budpaest MTI in English 1146 GMT 22 Apr 91

[Text] Budapest, April 22 (MTI)—Hungarian-Czechoslovak talks on the Gabcikovo-Nagymaros hydroelectric dam project begun in Budapest on Monday under the relevant government commissioners, Vladimir Meciar, Slovak Prime Minister, and Ferenc Madl, minister without portfolio.

Meciar is scheduled to meet Prime Minister Jozsef Antall.

Speaking to MTI's correspondent before the start of the talks, Ferenc Madl said that the Hungarian government was to represent parliament's latest decision at the discussions. Accordingly, it will strive to have the related agreements annulled by mutual consent. It is also keen for the disputes surrounding the abandoned facilities to be settled. Another Hungarian aim is for the talks to result in a new inter-state agreement, focussing on the reclamation of ecological-natural values, the preservation of drinking water reserves in particular, as well as on the setting up of navigation routes fitting in with the natural environment.

Meciar: Talks 'Exchange of Views'

LD2204170691 Prague Domestic Service in Czech 1330 GMT 22 Apr 91

[Text] Hungary—Czechoslovak-Hungarian intergovernmental talks began today in Budapest on the future of the construction of the [Gabcikovo-Nagymaros] dam system on the Danube and on the two countries' contractual obligations. The Czechoslovak delegation is led by Slovak Prime Minister Vladimir Meciar, who represents the federal government.

During a break in the talks Vladimir Meciar told journalists that today's talks will be only an exchange of views. He said that so far the delegation heads have briefed each other on their government's viewpoints and have agreed that further talks will continue in joint commissions of experts.

Vladimir Meciar also said that Hungary's demands for Czechoslovakia to stop working on the dam system are unjustified. Such a course of action would grossly jeopardize Czechoslovak interests, he said.

'No Breakthrough' Reported

LD2204172891 Budapest Domestic Service in Hungarian 1400 GMT 22 Apr 91

[Text] There has been no breakthrough in [Slovak Prime Minister] Meciar's Budapest talks. The next round of talks on Gabcikovo-Nagymaros will take place in Bratislava. Peter Nyaradi reports:

[Nyaradi] The meal had long been cold in the elegant Gundel restaurant when the Hungarian and the Slovak parliamentary delegations left the National Assembly's conference room at last. The discussion, however, which was one hour longer than planned, achieved no result—that is, Hungary insists on the termination of the 1977 contract, the revision of the plans for the Gabcikovo-Nagymaros dam, and the entire stoppage of the construction if possible. As a concession, Hungary is ready to participate in the compensation of the Slovak side, which has been suffering greater damage.

On the other hand, the Slovak side remained of the opinion that Hungary has raised no objections against the valid contract. Thus they insist on the operation of the dam to some extent, and they will negotiate with Hungary only about the cost of solutions that differ from the original ones. If the Hungarians insist upon their own stance then the Slovak side may take unilateral steps, and they are also ready to divert the Danube unilaterally, Slovak Prime Minister Vladimir Meciar pointed out.

Meciar on Danube Issue

LD2204203691 Budapest Domestic Service in Hungarian 1630 GMT 22 Apr 91

[Interview with Slovak Prime Minister Vladimir Meciar by Peter Nyaradi in Budapest on 22 April—recorded; Meciar speaks in Slovak with superimposed Hungarian translation]

[Excerpt] [passage omitted] [Meciar] The Hungarians proposed the cancellation of the original 1977 treaty and the signing of a new agreement. On behalf of the Czech and Slovak governments' delegation, I have pointed out that the original treaty is valid and it is impossible to abrogate it or withdraw from it unilaterally. Then I warned of the consequences that have come about under the impact of Hungarian behavior so far, and the extent of the damage all this has caused to Czechoslovakia. Before everything, however, I called attention to the fact that to this day we have not heard one single contrite Hungarian justification that would explain why they have decided the way they have done. These reasons have remained in the mist to us so far. We have called to attention the fact that the views of the experts of the two countries are, of necessity, at variance with each other, and therefore we propose the creation of joint working groups, and also the setting up of international committees; we should also place the foreign experts in the joint working groups.

At the same time, we also propose linking the time of the investigations by the government delegations to a deadline. It is well known just how bad our experiences are regarding negotiations without a fixed time limit; therefore we have not accepted the proposals relating to negotiations with unlimited time. In the same vein, we also propose the introduction of a deadline in the activity of the working groups as well.

We have not accepted any form of the Hungarian proposal that we should unilaterally stop work on building the Gabcikovo power station, as we thought it unfounded. Such a decision would seriously harm the interests and safety of the Czechoslovak party and the people living beside the Danube.

[Nyaradi] What was the Hungarian response to this Slovak rejection?

[Meciar] There are answers, but we are still waiting for the listing of specific facts. We want to know the reason for the decision. We already know the aim, but we do not know the reason.

[Nyaradi] What would be the furthest they could reach during the talks?

[Meciar] First, we (?wish to) learn what made the Hungarian party take a number of one-sided steps since 1989. Why do they insist on the cancellation of the agreement, and how do they imagine will be the solution of the other problems which will be created in this way, for example, the navigability of the Rhein-Main-Danube canal? This is our joint duty. If we do not solve this, then how do they expect it? What further expenses can be expected then? What kind of technical means do they wish to use? Are there any such ways being prepared? Regarding environmental protection, well, that does not only mean damage but advantages, too. What is the proportion of the damage and the advantages? What means are there to lessen the damage to the minimum? So far no one has held talks about this from the two parties. Both sides have totally opposite views on this. We know that the damage can be reduced.

Regarding the economic side of the issue, there are great differences in that, too. Czechoslovakia has completed 90 percent of the investment. There is hardly more than 40 percent on the Hungarian side. If we add the losses that derive from the termination of the works, and which mean a sum of several billion [as heard] [currency not specified] every year, or that the already expected and planned energy does not arrive, that the power station will not be operated at peak capacity, or that the Hungarian enterprises has terminated the works in Slovakia, well, if we add up all this, the result is many billions. Our responsibility is, therefore, that here we have to decide on large sums of billions and it is exceptionally difficult to remove the obstacles that derive from the difference in the scientists' point of view. We demanded that the Hungarian party differentiate between the environmental damages that arise and have arisen independently of the water barrage so far, and those that are caused by the power station. We warned them that all their arguments that they produced already existed at the time of the preparations, and that both sides knew them, only their emphasis was different. To the present day, they have not submitted any new facts to us at all. That is why the talks can be called complicated, and I do not think they will end in agreement today. It just remains for us to tell each other our opinion, and the assessment of the yeses and the nos will be postponed. We have not mentioned the sum of the damage so far, but we have warned that it would be a larger amount than the sum Hungary has paid to Austria so far.

[Nyaradi] When do you expect to reach a total solution to this issue?

[Meciar] I am also speaking on behalf of the federal government. I suggested that the talks should be completed by August and the committees should finish work by July. Everything is ready for this: the observation system, the level of knowledge, computer background, scientific collectives, teams that have been dealing with this for years. Even the representatives of the international organizations that joined at the beginning considered that three to four months would be enough for processing the data from the moment when they first start dealing with the issue—that is, this cannot be the reason for further playing for time. Any further loss of time increases our losses; this is why I warned that in such a case we will reserve the right to take unilateral steps which protect our interests and comply with international law. I must add that the Hungarians fully acknowledged the validity of the original agreement.

[Nyaradi] Considering that there remains hardly any room for negotiation, if it has to give way, I wonder how far the Slovak side is willing to go?

[Meciar] First, our possibilities for maneuvering are determined by the agreement adopted by the governments of the two sides. This is binding on both sides. I have precise possibilities for what I can and cannot do. Nothing can happen that might harm the interests of the CSFR, and we do not want to do anything that would harm the interests of Hungarian citizens. We want to reach a sober agreement, one worthy of both sides. There is a possibility for this, even with the interests being taken into consideration and, what is more, even if the power plant is built and we reduce the damage to the minimum.

[Nyaradi] Have all political aspects of this issue been clarified to the full extent, apart from the economic issues?

[Meciar] Well, in this regard, what we said was that we understand the development that has taken place in Hungary. We know that since about 1984 it was always in the matter of Gabcikovo-Nagymaros that the Hungarian opposition achieved unity. It was the symbol of the previous regime's mania for giant projects. This water barrage was an outstanding political [word indistinct] in the period before the election, also as one of the best arguments of the opposition. We know that since then the opposition has won and that those who took part in the demonstrations then are today influential personalities, and that now they are racking their brains what to do with this whole business.

Statement on Antall-Meciar Meeting

LD2204204491 Budapest MTI in English 1942 GMT 22 Apr 91

[Statement issued by the prime minister's press office; place and date not given]

[Text] Budapest, April 22 (MTI)—The prime minister's press office forwarded the following statement to MTI:

On Monday, Prime Minister Jozsef Antall met in his office Slovakian Prime Minister Vladimir Meciar, who had held talks with Ferenc Madl, minister without portfolio, on the revision of the Gabcikovo-Nagymaros investment project. The negotiating parties emphasized that an appropriate solution should be found to the issue of Gabcikovo-Nagymaros. However, it was not to be expected that the the affair of the Danube water barrage might be settled in a single consultation.

The situation of the national minorities living in the two countries is another important part of bilateral relations, one to which both sides should pay increased attention.

The Hungarian prime minister emphasized that, according to international law and its similarly to the Yugoslav case, the Hungarian government's negotiating partner is the federal government of the Czech and Slovak Republic. This does not, however, imply that Hungary would neglect its previously established relations with Slovakia.

The sides agreed that the Pentagonale now expanded with the inclusion of Poland, as well as other forms of regional co-operation provided still more unexploited opportunities for the establishment of relations between Hungary and Slovakia, first of all economically.

KDNP Chairman on Tasks, Future Prospects

AU2304102691 Budapest MAGYAR HIRLAP in Hungarian 20 Apr 91 p 7

[Interview with Welfare Minister Laszlo Surjan, chairman of the Christian Democratic People's Party, by Dezso Pinter; place and date not given: "Only the Coalition Can Topple the Government"—first paragraph is MAGYAR HIRLAP introduction]

[Excerpts] In the long run, the Hungarian political spectrum will change. A strong social democratic element will emerge, the liberals' political representation will settle around one group, and there will also be an important Christian democratic party—Laszlo Surjan said in an interview granted to MAGYAR HIRLAP in his position as chairman of the Christian Democratic People's Party [KDNP], rather than as welfare minister. He said that the fear of "being a former party member, and I did these things, and what will now happen to me?" cannot haunt people indefinitely. We must quickly find the tactics and technique of closing the past once and for all; however, neither the KDNP nor the Hungarian Democratic Forum [MDF] or the Smallholders' Party [FKgP] have worked these techniques out clearly enough.

[Pinter] Your party's proper balance in political life is often mentioned as both criticism and appreciation. Have you fallen into the trap of tranquility?

[Surjan] If anything, we now need objectivity, calm, and less passionate feelings in the National Assemnbly. People often say that the KDNP is hiding in the shadows of the MDF, and that the KDNP has no image or concepts of its own and is playing the role of a servile party. Our style differs from that of the MDF, which has much more vehement reactions in politics. It is a fact that we reject the self-contained confrontation between coalition partners. [passage omitted]

[Pinter] Whose party does the KDNP really want to become?

[Surjan] A people's party means that we do not want division dictated by a strata division in society. For us, inhabitants of small settlements, small towns, and big cities, as well as workers are equally important. We are still weak, although we had quite a few achievements in the past year. We were only present in 200 locations in Hungary last year, and this number has now increased to 600. In a period of political disappointment, we can also count on people who have not yet joined any party. We will turn to every strata with a well prepared policy or message. [passage omitted]

[Pinter] What Christian values does your party want to represent in Hungarian society?

[Surjan] Mutual dependence and solidarity are the most current issues; consequently, we would like to have a social market economy rather than a market economy. As for the dilemma whether usefulness expressed in money or individual interests should come to the fore, we are striving to achieve a balance, and we will not leave the care for the poor out of our considerations. The individual is extremely defenseless in today's world and he would be lost without a defense and a social background. Naturally, we can accept that, by making use of the opportunities provided by a market economy, an individual becomes richer than average; however, we very much count on his taxes when we think of supporting the poor strata of the population. [passage omitted]

[Pinter] The stability of the present government is also affected by the timing and development of our political structure. What is your opinion about the future of our coalition?

[Suranyi] At the moment, only the coalition itself can topple the government if it does not stick to its original ideas. A government will not necessarily become weaker if the opposition criticizes its activity; similarly, press criticism will also not directly destabilize the activity of a government either. Besides, exercising criticism is the most natural human right. If a government does not tolerate criticism and, as a consequence, retaliates more increases, it will probably quickly lose its popularity.

[Pinter] Do you think that this has already happened?

[Suranyi] If it has happened, this was not because of retaliations because the government cannot be blamed for any retaliations. They had to take into consideration a loss in popularity from the outset because these tasks, these necessary processes simply could not have brought anything else.

[Pinter] I would like to confront you with the declarations of two opposition politicians. Let us start with the statement made by Viktor Orban, head of the parliamentary faction of the Federation of Young Democrats [FIDESZ], according to which "the FIDESZ has the best relations with the KDNP among the government coalition parties, because the KDNP is an open party with

which cooperation is possible even in the most difficult issues." Is this a gesture that you consider worth reciprocating?

[Suranyi] This is more than a gesture because this is a factual description of a process. The FIDESZ is a party capable of negotiation and it is worth considering and sometimes even accepting their views and arguments; at the same time, the FIDESZ is also capable of considering and accepting others' views. Both parties are striving to assert interests that are stronger than the party interests. Both the FIDESZ and the KDNP are deliberately preparing for a future expansion. [passage omitted]

[Pinter] Imre Mecs, an executive of the Alliance of Free Democrats [SZDSZ], also expressed his views in an interview with MAGYAR HIRLAP last week. He voiced serious reservations, but he also said that "naturally, we accept the KDNP and we are ready to exchange views with this party. I think that, in a given situation, we would even consider participation in a coalition with the KDNP." How could your relations develop with the SZDSZ?

[Suranyi] We have much more debate with the SZDSZ than with the FIDESZ, but we definitely are for holding negotiations. When legislating, it is useful to examine the reaction of various parties to a given idea. All I can say is that one should maintain and strengthen negotiating partnership relations to have an adequate ability to conduct political activity. [passage omitted]

Berecz Withdraws From Socialist Workers' Party

AU1904103291

[Editorial Report] NEPSZAVA in Hungarian on 18 April on page 4 carries a 600-word interview with Janos Berecz, former ideologist of the Hungarian Socialist Workers' Party (the MSZMP), on his withdrawal from the party under the headline: "Split After 40 Years—Janos Berecz Has Withdrawn From the MSZMP."

NEPSZAVA quotes Berecz as saying that he "informed the chairman of the district coordination committee" about his "withdrawal from the MSZMP" on 17 April. Explaining the reasons behind his withdrawal, Berecz is quoted as saying that he had been "astounded by the statement made by the chairman of the MSZMP." Gyula Thurmer, who had called for Berecz'z resignation "in rather a rude manner," NEPSZAVA quotes Berecz as saying that he "cannot remain in a party where the chairman makes statements like that," and where Thurmer "determines which members can stay, and which cannot."

Bielecki on Differences With Mazowiecki Government

PM2204100691 Madrid ABC in Spanish 7 Apr 91 pp 46-47

[Interview with Prime Minister Jan Krzysztof Bielecki by Jose Grau in Warsaw; date not given—first three paragraphs are ABC introduction]

[Text] Warsaw—When asked about relations between Madrid and Warsaw, Polish Prime Minister Jan Krzysztof Bielecki, trying to remember, stated with great difficulty that former head of government Tadeusz Mazowiecki and former President Jaruzelski visited Spain not long ago. Basically, this serves to confirm that, because of the lack of affinity between the two countries' governments, Polish-Spanish relations are rather scant. In this interview Bielecki summarized his government's stance on relations with Germany, the withdrawal of Soviet troops from Poland, and Mazowiecki's preceding conduct.

Bielecki has been prime minister since the beginning of this year. Through his consistency he has gained prestige, in such a way that his team from Gdansk—the city from which he comes—is showing that it has clear ideas about what steps the country must take.

Mazowiecki's Mistakes

Mazowiecki's mistakes were an anti-German attitude and time-wasting in the negotiations with Moscow on the withdrawal of troops: "My government has realized that Poland's road to Europe runs through Germany; therefore, good relations with Germany are a crucial matter for Poland," Bielecki said. "It is much more difficult to discuss Soviet troop withdrawal from Poland with the USSR now than a year ago."

[Grau] How are your relations with former Prime Minister Mazowiecki? Could you assess Mazowiecki's conduct? Was it correct, slow, even rather communist?

[Bielecki] I have seen Mazowiecki only once. I believe that it was the second day after becoming prime minister. I would have liked the meeting to be cordial.

Mazowiecki's government was a reflection of the pacts in Parliament, so he often did not have an easy time of it. His ability to choose his colleagues in the government was also limited. I had a free hand and could choose whom I pleased. This facilitates the task and makes possible the formation of a good government team.

Government Differences

As far as the differences between the Mazowiecki government and mine are concerned, I could cite many. My government has realized that Poland's road to Europe runs through Germany; therefore, good relations with Germany are a crucial matter for Poland.

We are also making up for lost time in our relations with the Soviet Union. We are interested in contacts with the Soviet Union and with the individual republics. It is much more difficult to discuss the withdrawal of the Soviet troops from Poland with the USSR now than a year ago. Another matter is the negotiations with the EC: My goal—membership—certainly coincides with Mazowiecki's.

On the issue of economic policy, I believe that it is necessary to be consistent and not to succumb to pressures, because this leads to nothing good: An explosion is delayed for a few months. Monetary policy was softened considerably, probably because of the rail strike last May. This caused a rise in wages but, of course, only a nominal one. There was no rise in output. As a result, inflation rose. So the first thing that I had to do was to tighten up.

We also have very different views on the development of local self-government in Poland. I believe that you cannot take one step forward and two backward in the matter self-government. We have bills which will improve local self-government in Poland. I believe that last year's autonomy proposal represented a political gesture rather than a real desire for greater decentralization of power.

I also want reprivatization not to be a kind of fascination with the privatization of just five enormous enterprises, because thousands of enterprises must be privatized in Poland, and for this we must place the emphasis on the so-called "small-scale privatization," which will bring about the transfer of ownership to hundreds of thousands of new owners. [Bielecki ends]

Political Success

The success of Bielecki's policy is made clear by the 50-percent reduction of the Polish foreign debt granted by the Paris Club a few weeks ago. Without beating about the bush, his answers are clear.

[Grau] There was recently a 50-percent reduction of the Polish foreign debt by the Paris Club, and a 70-percent reduction by the United States. What does this actually mean for Poland? Is Poland satisfied with these results?

[Bielecki] Yes. For Poland this means primarily that we have regained solvency and financial liquidity, which are very important for the economy's health. When our government began to deal with this matter, two things were most important—the scale of the reduction and the speed of the decisions made. In theory, it could be believed that Poland could even secure a 100-percent reduction—but, let us say, within a year. This was unimportant, because it was precisely a matter of solvency and financial liquidity. Foreign investors had to be given proof as soon as possible that Poland is a country of safe investments. We have also added our special offer: the new law on companies with foreign holdings, which, in my opinion, is a very generous and attractive offer, and is a kind of opening up of Poland to the outside world.

Next Election

[Grau] Could you tell me your opinion about the date for the next parliamentary election? There was recently a major argument: Parliament rejected President Walesa's proposal to move up the election. What is your opinion?

[Bielecki] In a nutshell, the Polish program is democracy and a market economy. For democracy to win, a free election is necessary. Contrary to what is believed, I do not think that an early election would create too great a diversification in Parliament; that there would be an excessive number of political parties, with the emergence of parties making claims on the state.

[Grau] Will you be a candidate for prime minister after the next election, or do you believe that your task will end as soon as the general election is held?

[Bielecki] Democracy requires that my tenure end with this Parliament's dissolution. I will tender my resignation at the first plenary session of the next legislative term. My view is that being prime minister is a tough and very difficult task. I am guided primarily by the state's interest, and although I have been in the post for only three months, I find it very tiring. I and my group of colleagues came here as if to fix a breakdown.

[Grau] So you have no political ambitions for after the parliamentary election?

[Bielecki] I believe that we must take advantage of Polish liberalism's great opportunity, because formerly Polish liberalism seemed to have its proverbial five minutes, and now we see that it even has a quarter of an hour. It is clear that we have a great many supporters, especially among young people. This is very important for Poland, now and in the future. [answer ends]

Border Problem Resolved

The Polish prime minister trusts that the talks which his country will hold with Moscow will decisively boost the negotiations on the complete withdrawal of the USSR's troops from Polish territory. Although it is prepared to allow troops to stay to help to withdraw those which are in Germany, Poland is firm in its demand for a clear timetable for departure.

[Grau] You paid a visit to the Soviet Union Thursday. Do you have any new information about when the Soviet troops will withdraw from Poland?

[Bielecki] I believe that this month's negotiations will be of great importance for the future. There will soon be two rounds of negotiations between the Soviet side and the Polish side. As you know, our proposed date for withdrawal is 1991; their date is 1993. For the next negotiations, the Soviets must bring a detailed timetable for withdrawal. My 4 April proposal in Moscow was as follows: We would allow some units to stay, which would be used primarily for logistic purposes and would assist the Soviet troops withdrawing from Germany, passing through Poland. However, the combat troops would have to withdraw immediately. We must await the timetable they will bring.

[Grau] You have already stated that Poland must have good relations with Germany. How is the treaty on good relations and cooperation between Germany and Poland going? Are you optimistic, despite the traditional enmity between Poles and Germans, caused primarily by the war?

[Bielecki] I disagree with the idea that there is a unanimous opinion about the Germans in Poland. Perhaps it is a matter of generations. My parents view the matter one way, and I view it another. I have talked with all the political forces in Germany. I believe that they were also satisfied with the course of the talks. I believe that the younger generation will create new relations based on the principle of reconciliation.

I believe the cooperation treaty will be ready this month. I believe that the two treaties are not something essential for us.

[Grau] I have the impression that there are scant relations between Poland and Spain; I do not know whether this is because of the lack of affinity between the Warsaw and Madrid governments. Would you say that this is the reason or that they are two distant countries with few common interests?

[Bielecki] I believe that our relations are developing in a traditional manner. Prime Minister Mazowiecki and General Jaruzelski visited Spain recently. There must be contacts not just at the highest level.

Prime Minister Bielecki Views Economic Issues

LD2104152191 Warsaw Domestic Service in Polish 1005 GMT 21 Apr 91

[Interview with Prime Minister Jan Krzysztof Bielecki by Marek Kassa in Warsaw on 19 April—recoeded; first paragraph is announcer introduction]

[Text] These past few days Prime Minister Jan Krzysztof Bielecki does not have a moment free: meeting farmers and trade unionists, receiving the petition of the Homeless Association, and opening a private macaroni factory in Malbork, - named Danuta in honor of the president's wife. So the only occasion to speak to the prime minister is at meetings of the government or in between consultations with trade unionists. Marek Kassa asked the prime minister to the microphone following the Friday meeting with National Trade Unions Accord [OPZZ] delegation.

[Bielecki] The government showed a good deal of flexibility in this matter [words indistinct]. We showed the will to listen to various opinions. On the one hand, we showed concern for work, for basic conditions, for social security, and I quite agree that these things really are problems. On the other hand, I am glad that the matter

of the level of wages was not a fundamental problem during out talks, because, for the time being, this is not the key dilemma for Poland. The fundamental matter, as far as Poland is concerned at the moment, is to achieve the restructuring of the economy; there were voices here which—frankly—demanded that the government should undertake swift decisions and also suggested that the protection of the unemployed should be increased, that greater tax discipline should be introduced, and that the new tax law should be prepared, the law that is at the Sejm at the moment. I am, on the whole, in agreement with such an attitude and I am always ready to discuss and to listen to various comments and to influence a better functioning of the government, which should play a part in this process of restructuring because, as I have already said, macroeconomic instruments on their own will not achieve reform in Poland, nor will they restructure the system into a market economy. The government must—although obviously in a different way than the central (?planners)—play a part in this process, point out certain occurrences, and help others.

I believe that the fact that we are achieving stability allows for easier access to external sources of financing. The decision of the fund reached us last night regarding additional means that will help the stabilization process—nearly $2.5 billion. These are the chances, for example helping the process of restructuring in the steel industry—by the Canadians or the French. These are all the measurable benefits - of, precisely of having a stabilization policy, because in the inflation race—and God save us from a situation in which somebody should set such a race in motion, I certainly will not—it would, of course, be the weakest who would lose, those whom we want to shield at the moment.

[Kassa] Could the money from the stabilization fund, for example from the IMF, be used to close the budget gap that has appeared?

[Bielecki] They [the funds] are generally destined to aid the transition processes and generally for leveling the effects that have appeared as a result of the breakdown of trade with the East and the rise in the supply price of oil. On the other hand, it is difficult for me to answer such a strategic question as yours at this moment.

[Kassa] Mr. Prime Minster, are you worried by the fact that you spoke two different languages today—the unionists the language of social politics, and you the langauge of economics?

[Bielecki] Well, you know, I think that I could say that today was not so bad; we looked for certain solutions in areas which—with our efficiency and the goodwill of the other side—can be solved, at least in some foreseeable future. I do not say today, I do not say in six months, I do not even say in a year, but some sort of prospect.

Also today we did not pull at the eiderdown on the principle of who is capable of grabbing more from whom, which professional group from which, or funds from the budget for some specific professional group. This is already a good thing, because we are making a whole series of mistakes in this social policy, mistakes which stem—if from nothing else—then from an imperfect legislature, from the lack of financial infrastructure, from a bad tax system which will only get going, in practice, in 1992, for the not-so-excellent employment offices for which this aid package from the World Bank will only now be set in motion. So, it is not that we are wonderful, and this is the area in which we can seek rapprochment, which is definitely necessary to find some protection for society in the transition process to the other system.

[Kassa] The front of dissatisfaction is growing; the OPZZ is being joined by the farmers and other groups; even the president's advisory committee can be seen to be against the government.

[Bielecki] Well, you know, these are different spheres: The farmers have their own postulates, but at the moment they are trying less hard to get funds from the budget since they see the difficult situation. Rather they are more interested in the instruments of protecting the home market, and this also is, according to me, an improvement. Workers are also becoming more interested in the issue of those who earn least, in counteracting unemployment and in supporting—I would go so far as to say—the restructuring process; and the advistory committee is building a modern, alternative economic program which I await with great longing.

Walesa Announces Support for Bielecki Cabinet

LD1804184791 Warsaw TVP Television Network in Polish 1730 GMT 18 Apr 91

[Text] The initiative to call an economic conference on 6 and 7 May has been interpreted by a part of the mass media as an attempt to stage a confrontation with the government, said Andrzej Zarebski, government press spokesman. In his telephone conversation today with the government press spokesman, President Lech Walesa distanced himself from such an interpretation. The president declared his support for Prime Minister Bielecki's cabinet. At the same time a formula presented by his advisory committee on the government's participation in this conference was described by him as unfortunate. Andrzej Zarebski added that the government expects that the economists' conference in the Belweder could result in finding a proposal for an alternative economic program. When it has been formulated, the government will be able to take a stand on it, the press spokesman stated.

PAP, however, has unofficially learned that only government experts will participate in the Belweder conference.

ROAD Dissolves; Democratic Social Group Formed

LD2004213191 Warsaw TVP Television Network in Polish 1730 GMT 20 Apr 91

[Text] The ROAD group [Citizens' Movement Democratic Action], whose leader was Zbigniew Bujak, has

dissolved itself. Instead a Democratic Social Movement [Ruch Demokratyczno-Spoleczny] has been created.

[Begin recording] [Unidentified reporter] Does the foundation of the Democratic Social Movement mean the final breakaway from the Democratic Union and ROAD?

[First unidentified speaker] Yes, this is a final goodbye, and we are creating our own political formation. On the other hand, in the future parliament different coalitions will be possible, whether on particular issues or even on wider, greater plans.

[Reporter] What allies do you think you will have in the next parliamentary election?

[Second unidentified speaker] Solidarity of Labor [Solidarnosc Pracy], and perhaps the Polish Socialist Party [PPS] should be our natural allies in the parliamentary election. I think that women and a young generation will also be our allies.

[Reportert] Are you afraid that the movement will be pushed to the margin of political life?

[First unidentified speaker] No, we are formulating a program, a good program, that will be accepted by workers, employees, and farmers—a program that will defend these groups. Therefore we are doomed to succeed rather than be pushed to the margin, because these groups will have their say in the election. [end recording]

Peasant Groups Establish Joint Election Platform

AU2204193491 Warsaw RZECZPOSPOLITA in Polish 18 Apr 91 pp 1, 2

[Ewa K. Czaczkowska report: "A Coalition of Peasants"]

[Excerpts] On 17 April, the Polish Peasant Party, the Solidarity Polish Peasant Party, and the Private Farmers Solidarity established a joint election program. The chairmen of the three parties, Roman Bartoszcze, Jozef Slisz, and Gabriel Janowski, respectively, signed a "joint declaration on unity of action."

"The desire to sign today's program came from the field," said Jozef Slisz. "Perhaps this is the start of a strong new party."

"We wish to jointly create a new social, political, and economic order in our country, and lead the reforms to a conclusion. We will establish modern agriculture and rural conditions that guarantee a dignified life," reads the declaration. The three leaders will draft joint election lists and establish a joint parliamentary representation. Each party will appoint an election committee at the national, regional, and voivodship level. These bodies will select the best parliamentary candidates from the Peasant Unity List, regardless of their affiliation. [passage omitted]

The decision to establish this coalition was made not by the executive bodies of each party, but by the leaders personally. "It is a slight risk as far as we are concerned, but I am sure the National Council will approve," said Jozef Slisz. On the other hand, Roman Bartoszcze said that at the Peasant Party unification congress on 5 May last year, he had resolved to build a strong peasant movement. "This declaration is a major step in that direction," he said. Bartoszcze did not rule out the possibility of a total unification of the peasant parties before the parliamentary elections.

Defense Ministry Official on Internal Reform

LD2204191991 Warsaw Domestic Service in Polish 1700 GMT 22 Apr 91

[Interview with Deputy Defense Minister Janusz Onyszkiewicz by unidentified reporter; place and date not given—recorded]

[Text] [Announcer] The interdepartmental team for the reform of national defense has met. The greatest controversy was aroused by a draft concerning the financing of arms enterprises, which, because of the conflict in the Persian Gulf, did not sell their products. A draft on reform of civil dlefense and changes in the structure of the Ministry of National Defense were proposed. Here is Deputy Defense Minister Janusz Onyszkiewicz:

[Onyszkiewicz] It is difficult to speak here of a change in the structure of the Ministry. I would even say that this is simply the creation of the Ministry, because up to now, for all intents and purposes, there was no Ministry of National Defense. There was a minister and his office, with a number of departments like the legal, financial, and personnel departments, and apart from this, there were the military structures—there were the main headquarters [word indistinct], there was the technical inspectorate.

[Reporter] There will be more civilian employees. Generally, employment within the Ministry will change. How many people will leave?

[Onyszkiewicz] A large number of people, because at the moment, around 5,000 work in the central institutions. Following all these changes, there will be slightly more than half.

[Reporter] Apparently, the only name that will survive and will not be changed is that of the famous Second Department [intelligence].

[Onyszkiewicz] That is true, and it is partly for reasons of tradition.

[Reporter] Intelligence and counterintelligence.

[Onyszkiewicz] Not exclusively, because we want the Second Department, in a separate cell, to deal with issues concerning our military representation abroad, and those of military attaches, apart from, of course, matters of intelligence and counterintelligence.

No Trade Agreement Reached With Soviets

LD2004075991 Warsaw PAP in English 2239 GMT 19 Apr 91

[Text] Warsaw, April 19—Polish and Soviet negotiators failed to agree on detailed terms of financial settlements that would open up prospects for unblocking bilateral trade.

After several days of talks in Warsaw which ended today, the sides agreed that trade in goods of basic importance for both partners should be conducted in clearing, and not basing on cash dollar payments, a principle which, adopted only last January, practically halted the two-way trade.

There was no agreement, however, concerning the scale of the clearing trade and the size of the technical credit involved.

A Polish negotiator told PAP after the talks that an agreement should be expected by the end of the month, but the scale of trade would be smaller than the Polish side wished. This was due to the shortage of Soviet goods of interest as payment for Polish deliveries. Talks on the Polish Proposal of selling 1 m [million] tons of grain and 100,000 tonnes of meat to the USSR will be continued separately.

Skubiszewski on Cooperation With Prague, Budapest

AU2204192991 Warsaw RZECZPOSPOLITA in Polish 18 Apr 91 p 7

[Report on speech by Foreign Minister Krzysztof Skubiszewski during a meeting of the Sejm Foreign Affairs Commission; date not given]

[Text] We are just in the initial stages of cooperation within the framework of the so-called triangle, that is Poland, Czechoslovakia, and Hungary. I admit that our partners display a certain amount of caution when one expresses a desire to proceed from declarations to concrete matters. This view was expressed by Foreign Minister Krzysztof Skubiszewski during a meeting of the Sejm Foreign Affairs Commission. He reported on the current state of relations within the Warsaw-Prague-Budapest triangle. These were the main points of his speech:

1. There is systematic political cooperation regarding consultations between the three states on the subject of their relations with the European Community.

2. The three state's policies on security are coordinated on an ongoing basis. The liquidation of the Warsaw Pact's military structures and the question of the pact's complete dissolution are a common achievement.

3. Views and experiences pertaining to the withdrawal of Soviet forces are being exchanged. This is an issue on which Poland finds itself in a different, more difficult position than Hungary and Czechoslovakia; however, there are certain common problems, such as: assessing the value of the assets left behind by the Soviet Army, the question of outstanding financial settlements, and the issue of compensation for environmental damage. The issue of the transit of Soviet forces based in Germany provides a positive example of Polish-Czechoslovak cooperation.

4. The states cooperating within the triangular framework will not conclude a tripartite agreement, but will sign three bilateral agreements. Thus, the states will not sign a military alliance. They will, however, seek to formulate uniform clauses on the subject of security and regional stability.

The agreements will not contain a clause on automatic assistance in the event that a state is attacked.

5. The consultations that the three states will hold on the clauses concerning security in the accords that each of the states will conclude with the Soviet Union are a matter of fundamental importance.

6. Cooperation between the three states with regard to economic relations is a further area for joint activity although certain differences did arise over the dissolution of CEMA.

Krzysztof Skubiszewski said that the three states are already prepared to consider Polish proposals concerning a free trade zone and a joint bank. Negotiations concerning an agreement between Poland and Czechoslovakia not to require visas, which might come into force this summer, are in their final stages.

Ministry Concerned Over Incidents at FRG Border

AU2004152991 Berlin NEUES DEUTSCHLAND in German 18 Apr 91 p 4

["ADN/ND" report: "Poles Worried About Border Incidents"]

[Excerpt] Warsaw—On Wednesday [17 April] the Polish foreign minister in a statement noted that he was convinced "that the responsible authorities in the FRG are doing everything to ensure that such incidents will not be repeated and to ensure that the tourist traffic between Poland and the FRG is not disturbed."

Incidents occurred at the border in Frankfurt/Oder, Guben, and Goerlitz, caused by "young German radical right-wing and neo-Nazi groups," who held aggressive demonstrations against Poles. "The action of the German authorities, in particular of the police, did not guarantee the full security of all Poles travelling to Germany," it was stated.

On the other hand, Wladyslaw Klaczynski, a spokesman of the Foreign Ministry, described the first ten days of visa-free travel in a generally positive tone. "The great majority of both Poles and Germans passed the test." The traffic from Poland to Germany has increased, yet too a much smaller degree than had been expected or

feared. Certain border checkpoints are used by more Germans than Polish travelers, the Foreign Ministry spokesman concluded. [passage omitted]

Final Agreement Reached With Paris Club on Debt

LD2104183591 Warsaw Domestic Service in Polish 1700 GMT 21 Apr 91

[Excerpt] The Polish debts at the Paris Club have been remitted by half. A moment ago we telephoned the PAP correspondent in France to confirm this news.

[Bielecki] This is Robert Bielecki. Only on Sunday morning, after 40 hours of very difficult and at times drastic talks, did the negotiations between Poland and the Paris Club end. They took place at the seat of the French Ministry of Finance, and apart from representatives of the 17 member countries of the Club, observers from the IMF also participated. The Polish delegation was led by Janusz Sawicki, deputy minister of finance and plenipotentiary for indebtedness affairs.

The agreement signed with the Paris Club on Sunday—that is, with the public creditors of our country—foresees the reduction by 50 percent of that part of our debt guaranteed by Western states, and also specifies the dates and methods of repayment of the remaining debt. It was agreed that in the first phase, to be calculated from 1 April 1991, the Paris Club will annul 30 percent of this debt, although specific countries will be able to choose a version convenient for them: a reduction of the capital debt drawn by Poland, a reduction in interest payments, or else a conversion of part of the debt. In the second phase, from 1 April 1994, a reduction of the debt by a further 20 percent will ensue, but only if Poland fulfills specified conditions set by the IMF. In practice this means a continuation of current economic policy. It was also decided that the Paris Club will reduce the dues resulting from the repayment of interest falling due over the next three years by 80 percent. Thus for the years 1991-1994, our country will pay every year only 600 million dollars of this interest.

As Deputy Minister Sawicki stated, the agreement made with the Paris Club has an innovative character, both in the decision itself, as such a serious reduction of indebtedness, and in the conception of the repayments remaining. It was decided that the repayments that Poland will make, starting from 1994, will gradually grow to avoid a sudden financial effort for our economy. These repayments will be made over 20 years, and if everything goes well, we should end them on 31 March 2014. Deputy Minister Sawicki added that throughout the entire period of negotiations the Polish delegation was indirect telephone contact with Warsaw.

There were a few dramatic moments, when Prime Minister Jan Krzysztof Bielecki, Deputy Prime Minister Leszek Balcerowicz, and Polish National Bank Chairman Grzegorz Wojtowicz undertook concrete decisions. The positive stance toward Poland of the chairman of the Club, Jean Claude Trichet, and also of the U.S. and French delegations, must here be stressed. As is known, President George Bush has already made a decision on the reduction of Polish debt by a further 20 percent over and above the 50 percent that the Paris Club had already earlier agreed upon. On his part, President Francois Mitterrand announced the readiness of France to reduce Polish indebtedness by a further 10 percent. Part of this additional reduction, added Janusz Sawicki, will be turned around into a fund for the protection of the natural environment. Such a fund, of significant size, will doubtless be created in the near future.

Negotiations with the 17 member states of the Paris Club now await Poland. They are to end by 31 October. We will then know by how much, in concrete terms, the public indebtedness of Poland has been reduced. [passage omitted]

Roman Attacked by Press, Asked To Resign

AU2004130191 Bucharest ROMPRES in English 1309 GMT 19 Apr 91

[Text] Bucharest ROMPRES 19/4/1991—"In the name of the deceived, Mr. Roman, we ask you to resign" is the closing sentence of a one-page article published by ROMANIA LIBERA in its 19 April issue by one of its managers, Petre Mihai Bacanu.

In support of his demand, the writer, who had repeatedly announced sensational revelations on high-level corruption, refers to two notes listing buildings that were owned by the ex-communist party; published in facsimile as an alleged proof of the prime minister is alterations in his own handwriting after they had been approved by the government, to allocate, for instance, two villas that the embassies of Norway and Denmark sought to rent for hard currency to the Vatra Romaneasca Association and to a company of ex-tennis champion Ion Tiriac.

Petre Mihai Bacanu asks the premier if in business he has friends or just partners, and blames him for "making decisions of his own free will on the former party property."

It should be reminded that the Ministry of Finance has recently issued a document on the hand-over of the former Communist Party property put at over 40 billion lei in which real estate held a significant share to such beneficiaries as the government decided.

Baltazar on Issue

AU1904203791 Bucharest ROMPRES in English 1819 GMT 19 Apr 91

[Text] Bucharest ROMPRES, 19/4/1991—In connection with the announcements about "Premier Petre Roman's inadmissible unfair dealings in the administration of the former Communist Party's assets" or "of the country's wealth", made by "ROMANIA LIBERA" daily in two consecutive issues, government spokesman Bogdan Baltazar stated that the article carried by the Friday, 19 April issue of the said newspaper was far from proving the alleged "unfair dealings" and "corruption." It rests of course, with the competent authorities to pass a legal judgment on these groundless accusations, on their prejudicial, slandering character, said spokesman Baltazar.

Regarding the facsimiles published by the above newspaper, Mr. Baltazar found it necessary to bring the following clarifications:

1. The documents carry perfectly legal decisions. The authorisation given for the legal take-over of certain buildings was then determined by the situation that, at that date, when many applications for location had been submitted, these building were kept unused. Their leasing was therefore economically justified.

2. The annotations on the documents, which, anyway, prove nothing unfair, do not belong to the prime minister, with the exception of three names: E. Simion, P. Anghel, N. Manolescu.

The calumnious insinuations are no novelty in the pages of "ROMANIA LIBERA," said the spokesman, who then added: "The prime minister is inviting all those who spread rumours about his so called stately residence to take a good look at it with their own eyes and be ready, at the same time, to accept, in good faith, the moral blame for their unqualifiable attitude.

"As for the whole of the article published by ROMANIA LIBERA, Friday, both its title and contents are nothing but an attempt, in all ill-faith, to mislead the public opinion," concluded the spokesman.

Corruption Allegations Against Government Rejected

AU1704192891 Bucharest ROMPRES in English 1850 GMT 17 Apr 91

[Text] Bucharest ROMPRES, 17/4/1991—The press office of the National Salvation Front [FSN] has released a communique stressing that the attacks on the National Salvation Front have recently gained a feature which "we thought was bygone in Romania's political life, namely the insinuations and calumnies against outstanding personalities of the Front or of its government. We realize," the communique reads, that now that the National Salvation Front has announced the prospect of a new formula of governing, the attacks on the government grow, with the hope to influence future options. But the National Salvation Front hoped that the dispute in connection with the new formula of governing should focus on programs, on intentions of governing and possible solutions for the country's problems and not turn into a campaign of slandering the prime minister and the FSN ministers.

"It is deplorable that the executive bureaux of the two chambers of the Parliament do not take the necessary steps for such calumnious attacks not to find room in the Parliament's sessions, the communique also shows.

"The Executive Bureau of the National Salvation Front reiterates its determination not to allow any doubt on the rectitude and honesty of those who represent the Front in the state power bodies. The FSN parliamentary group will demand tomorrow the production of the concrete evidences that lay at the foundation of the accusations against the FSN outstanding personalities. If it is will be proved it is about mere calumnies, the Executive Bureau will demand, through competent bodies, that those who made of slandering a political method be held responsible."

Civic Alliance Holds Rally in Bucharest

Picket in Front of TV Station

AU1904193591 Bucharest ROMPRES in English 1849 GMT 19 Apr 91

[Text] Bucharest ROMPRES, 19/4/1991—The picket of protest staged in front of the television building by the

Civic Alliance continued to demonstrate Friday afternoon. The participants chanted slogans whereby they demanded the resignation of the television management, of the government and of President Iliescu, and launched pro-monarchy calls.

The picket of protest announced that starting Monday morning they would move their base to the front of Parliament building.

President's Resignation Demanded

AU2004191591 Bucharest DREPTATEA in Romanian 12 Apr 91 p 1

[Press release issued by the National Council of the Civic Alliance; place and date not given]

[Text] We are facing an economic catastrophe; however, we are denied access to essential data, which would allow us all to find out the dimensions of the crises and to participate in a national salvation effort.

We are facing the economic reform; however, the hidden mechanism, which makes things stagnate and which reduces or compromises the fundamental principle of ownership are hidden from us.

We are facing a new Romanian-Soviet friendship treaty. The president of the country is signing a document about which we were not previously informed in any way, although all the documents that have been signed in secrecy with the Soviet empire in the past 45 years have been documents of treason.

We are facing the same television screen, the author of scenarios from the revolution until June and from June until now, and on this same screen we are informed that the current leaders possess the monopoly of truth.

We need truth, reforms, and honesty. The 20 May 1990 election promised us all this together with tranquility and the security of tomorrow. The wave of violence, corruption, and abuses contradict the expectations of those who voted on 20 May. Romania of today is completely different from Romania of a year ago: Romania's internal situation is in an incomparably more serious state, and looks far worse in the eyes of our young people who are leaving us and in the eyes of the world, which is regarding us with suspicion. The Civic Alliance believes that to be able to pull through the general crisis and the changes of public opinion we need new elections; therefore, through the march and rally of 12 April, the Civic Alliance demands:

THE RESIGNATION OF THE PRESIDENT, THE DISSOLUTION OF THE PARLIAMENT, AND A TRANSITIONAL GOVERNMENT WHICH SHOULD PREPARE EARLY ELECTIONS.

Two Demonstrations Reported in Bucharest

AU2204165391 Bucharest ROMPRES in English 1604 GMT 22 Apr 91

[Text] Bucharest ROMPRES, 22/4/1991—Hundreds of people gathered in the University Square Monday at noon to commemorate one year from the demonstration in that part of Romania's capital city.

The place in front of the fountain in University Square was covered by a "carpet" of flowers symbolising a cross, a homage paid to the martyrs of the Romanian revolution.

The "December 17" Association Timisoara organised a march of protest in Bucharest on April 22. The stated goal of the event was to force the Ministry of Justice to observe the penal procedure framework concerning the trial in Timisoara of the persons guilty of genocide during the revolution.

The association considers that moving the trial from Timisoara to Bucharest would prevent the witnesses from testifying. The association also appreciates that difficulties are thus made in ensuring the witnesses' security during their trip to Bucharest.

In the Revolution Square the participants handed over a protest to the Senate to Senator Radu Campeanu, President of the National Liberal Party.

The tens of persons present there chanted antipresidential and antigovernmental slogans.

The protesters went to the Central Military Tribunal where a protest memoire was handed over. They went then to the human crematoire where wreaths were laid to the memory of the heroes of the December 1989 revolution. The route of the march will also include the Young Heroes' Cemetery, the headquarters of the Assembly of Deputies, the Victoria Square and the television.

University Square Traffic Blocked

AU2204193691 Bucharest ROMPRES in English 1857 GMT 22 Apr 91

[Text] Bucharest ROMPRES, 22/4/1991—The protesters belonging to the "December 17-Timisoara" Association which has organised a march of protest in Bucharest on Monday [22 April] handed over a memoire of protest to the Assembly of Deputies where they chanted antipresidential slogans.

At the Romanian Television the protesters demanded the resignation of the president of radio and television, Razvan Teodorescu, and of television columnist Emanuel Valeriu.

In the same afternoon the University Square was blocked by protesters who did not belong to the "December 17-Timisoara" association.

Monday evening, one year after the beginning of demonstrations in Bucharest's University Square, the area was again occupied by thousands of demonstrators. They

marked with flowers the boundaries of the zone which had, in their opinion, become a symbol of opposition against the present government, Parliament and president of the republic. Participants shouted antipresidential and antigovernmental slogans and demanded the resignation of the president and of the prime minister.

The police, although present on the spot, took no steps to clear the middle of the street. Traffic is blocked at the moment.

FDAR Spokesman Marino on Forum's Goals

AU1704200091 Bucharest ROMANIA LIBERA in Romanian 13-14 Apr 91 p 1

[Statement by Adrian Marino, spokesman for the Antitotalitarian Democratic Forum of Romania; place and date not given]

[Text] Since the organization of the Third National Convention of the Antitotalitarian Democratic Forum of Romania [FDAR], which is being held just now in Bucharest, has caused some confusion about the short interval between the current and last convention, the independent A. M. PRESS agency asked FDAR Spokesman Mr. Adrian Marino to make a statement. We are publishing the entire contents of the statement here: "The fact that the third convention follows shortly after the second reflects the desire of the 19 parties and civic organizations that it is composed of to concretely and effectively finalize their unity of action, including the possibility of presenting common lists in the next election. Why, however, was progress so difficult compared with similar, but much more rapid processes in Bulgaria, for instance? This is relatively easy to explain: Because of the absence in our country of the tradition of united political action.

"The Civic Alliance and FDAR were born out of the imperative necessity of this historic moment to seek formulas of cooperation and unity and to contribute to the political and civic education of people, and to establish a new mode of perceiving politics."

PSDR Issues Communique on Members' Withdrawal

AU2104141691 Bucharest ROMPRES in English 1946 GMT 20 Apr 91

[Communique by the Social Democratic Party announced by Romanian Television on 18 April]

[Text] Bucharest, ROMPRES, 20/4/1991—As concerns the action of a small number of members of Social Democratic Party of Romania [PSDR] Bucharest's organization, announced by the Romanian Television on 18 April 1991, the Executive Committee of the aforesaid party released the following communique:

"We are of the opinion [that] anybody can withdraw from a political formation when he thinks this party's orientation is incompatible with his ideas. Under these circumstances PSDR takes cognizance that this group of people are no longer members of our party, which continues its activity, based on the program passed by its congress. After all, it can be ignored that the action of the respective group is intended not to strengthen social-democracy in Romania, but on the contrary, by compromising PSDR, to open the way to those who have tried of late, by various forms and means, to take social-democracy in their hands, for purposes alien to it."

Commenting on the attitude of the aforesaid group, Sergiu Cunescu, chairman of PSDR, told a "ROMPRES" reporter: "It is a small group, including some of the former leaders of the party. The 3-5 March PSDR congress democratically elected new leaders. The former ones were not re-elected. As is obvious the action of some of them is related to their invalidation by the congress. I consider that the accusations made to me were ungrounded, as it is only the congress that can pass judgment on the party's chairman.

Ex-King Mihai Issues Statement on Unity

AU2204125791 Bucharest ROMANIA LIBERA in Romanian 17 Apr p 1

[Ion Medoia report on ex-King Mihai's statements to TIMISOARA newspaper; place and date not given: "The Romanians Should Love Their Country the Way It Is..."]

[Text] In a recent exclusive interview for the newspaper TIMISOARA (No.71/13 April 1991), His Majesty King Mihai said: "I personally do not want to give the impression that I am involved—to a greater or lesser extent—in the activity of any party. I believe that the monarchy has offered sufficient proof of what it has done for Romania. I believe, however, that the Monarchist Liberal Party and the historical parties should establish a joint front, in whose achievement Mr. Corneliu Coposu [Natinal Peasant Christian Democratic Party chairman] could play an important role. The Romanians should love their country the way it is. However they have to struggle and make it as it should be, for the benefit of the whole Romanian nation. I personally believe that today the old structures are still being maintained and they are supported by an external force that obviously does not have the welfare of the Romanian people at heart and does not act in the interest of the Romanian people."

President Iliescu Interviewed on French Relations

LD1804142691 Paris Antenne-2 Television Network in French 1100 GMT 18 Apr 91

[Interview with President Ion Iliescu by unidentified reporter; place and date not given—recorded; Iliescu speaks in French]

[Excerpt] [passage omitted] [Reporter] Romania's Prime Minister Petre Roman says that his country is reserving a very big place for France. President Ion Iliescu, questioned by our special correspondents, uses the same tone:

[Iliescu] We are expecting two things. At the political level, to strengthen our bilateral ties and to finalize the new political and juridical arrangements as far as bilateral relations are concerned, and to prepare a new treaty of cooperation and friendship between the two countries to expand bilateral relations. The second area is that of economic issues, economic relations. If last year was a year of political confrontation, above all for Romania, and of profound changes that took place in that area—the appearance of a great number of political parties; the reorganization of political life; the organization of the May general elections; the beginning of parliamentary activity; the drafting of the new constitution; and the confrontations which were connected with all those changes—then this year will be the year of political and economic issues.

Economic and social difficulties are now in the forefront as far as the actual structure of the economy is concerned, as we have inherited the very rigid structures of a centralized economy, and there is the difficulty of the process and the complexity of the transitional process. Under these conditions we need broad cooperation with the European countries, with the developed countries, and we expect France to be Romania's primary economic partner.

[Reporter] One thing struck me when I came here was to see that people put flowers on the tomb of Nicolae Ceausescu. Does that mean that he is missed?

[Iliescu] There are some people who perhaps have sympathetic feelings, properly speaking, human feelings, toward the person who had died: That is not a general feeling of the people, but there are still supporters of [word indistinct].

[Reporter] Do you somewhere see a sign that you have not succeeded as much as you yourself would have liked?

[Iliescu] There is no cause. If we have difficulties, they are at a different level as far as the complexity of the processes currently underway is concerned, at both the political level and the economic level. The process is a complex and difficult one: What is needed is time; what is needed is patience; what is needed are the means to resolve them.

Roman Discusses French Prime Minister's Visit

AU1904193191 Bucharest ROMPRES in English 1806 GMT 19 Apr 91

[Report on telephone interview with Prime Minister Petre Roman by unidentified French radio reporter on 19 April; place not given]

[Text] Bucharest ROMPRES, 19/4/1991—We expect, all of us, that President Mitterrand's visit to Romania will bring about a renewal of the French-Romanian relations, of the exceptional friendship traditional between France and Romania, and an active presence of France in Romania of today, especially from the political and economic point of view. I am glad first of all that Francois Mitterrand is the first head of state of a democratic country who visits Romania, Premier Petre Roman said, Friday, 19 April, in an interview by phone with a French radio station.

Referring to the prospects of a French-Romanian friendship treaty to be signed, in the genre of the French-Polish one, Mr. Petre Roman specified :

"Procedures started in the month of March and a memorandum is going to be signed today by the ministers of foreign affairs, on this subject.

"I have the feeling, I have the conviction that Romania is a democracy," Premier Roman Said, "anyway it is on the way to democracy. The country is pacified but, of course, there will be some problems, as the period of transition will inflict blows, social blows, and we are the ones who must find a balance between unavoidable blows on the one hand, and a protection of certain, more affected categories, on the other hand."

As for Romania's economic situation, Premier Roman was of the opinion that "thinking of our economic reform, the rhythm is very rapid, but if we think of the economic production, this year will be a very critical one for clear, healthy economic improvement."

"There are certain things France can do, a number of facilities have been agreed on for French enterprises to come to Romania, to invest in Romania, to associate with Romanian enterprises and make projects together that, in my opinion, are very profitable even on short term" added Premier Roman.

Referring to the June 1991 events, Premier Roman specified that "such things can't possibly happen again, for the simple reason that our democracy has become stronger ever since; it is stronger on equal bases, on the one hand, and on bases related to the fact that Romania has already become a country where one can express himself directly and is not forced to resort to other means than the legal ones."

When he was reminded that President Mitterrand told Mrs. Doina Cornea "patience, patience, patience," Prime Minister Petre Roman said that was the right word. "We must have patience and if Mrs. Cornea does not prove to be patient, most Romanians are. Especially those whose situation is critical today and there are many whose life conditions are not satisfactory, these ones are patient and this is much more important."

Asked whether French industrialists had come to work in Romania Premier Roman specified: "Some already have advanced projects, such as in the sugar industry. We also think of the cooperation in the oil, steel and aircraft industry especially."

Newspapers Comment on Mitterrand's Visit

AU2004152791 Bucharest ROMPRES in English 0931 GMT 20 Apr 91

[Text] Bucharest, ROMPRES, 20/4/1991—"A first conclusion is more than obvious after President Mitterrand's visit to Romania: France is today in a position to understand us better, and we have a new reason to love her," writes the daily "ADEVARUL" in its 20 April issue.

"For the new Romania, that wants to find the way to democracy, that we had left half a century ago, although that was not our will, the visit France's president paid to Romania has a special significance," continues the article. "It is important for us and we won't forget that the first head of state who visited our country after the December '89 revolution is no other than the president of our 'elder sister', as we have thought of France since the creation of modern Romania."

The said daily specifies that in the interview given before his arrival to Romania, France's president made it clear he wanted to remain at equal distances from the Romanian authorities on the one hand, and various trends of thought, on the other. He underlined the same idea when he spoke before parliament and said he addressed to the Romanian people as a whole, whose representatives were in front of him, which can be a motto of his visit to Romania.

The president of France came here to know us, to talk with us, to realize how much we have advanced so far on the way to democracy, that is not easy at all, and how much is left, which are the difficulties and obstacles we have to face, and to what extent he can help us to overcome them. The parliamentary and extra parliamentary opposition did not understand all this and behaved as if the head of the French state had come here to say the opposition was right, or anyhow to solve the problems incumbent on us Romanians, and not on others."!

Under the title "What Does it Signify ?" The daily AZI says President Mitterrand's visit in Romania "means friendship, solidarity between Romania and France, the renewal of an old and rich tradition of friendship between Romania and France... It also means political assistance, support for the transformation of the Romanian society, to Romania's efforts on the way of edifying the state of law and the market economy under the burdensome legacy of the dictatorship... The visit means, of course, new prospects for the cooperation between two countries, in economy, science, in the fields of youth, sports, culture.... it means re-launching Romanian-French relations on a larger scale, in a larger context, that is called Europe... The visit means Romania's support of the idea of an European Confederation (initiated by Francois Mitterrand) and our country's willingness to actively participate in this project."

"TINERETUL LIBER" Points out, inter alia, that "the visit of France's president has been particularly important for the Romanians. France has proved she has known how to find the way towards Romania very quickly. But we also must confirm to be really sensitive to the true values of democracy" adds the daily mentioned," as we shall be objectively forced to take our old place in the general European world. And the sooner, the better."

News Conference on Results of Mitterrand's Visit

AU2004170991 Bucharest ROMPRES in English 1538 GMT 20 Apr 91

[Text] Bucharest, ROMPRES, 20/4/1991—Assessing the significance of President Francois Mitterrand's state visit to Romania as manifold political, economic and cultural, bilaterally and continentally Ioan Mircea Pascu, President Iliescu's adviser, told a press conference at Bucharest's International Press Center Friday [19 April] evening: It has confirmed the traditional good bilateral relations and pointed to an obvious political willingness to expand the bilateral ties in every field.

The letters exchanged between the two Foreign Ministries on the future Romanian-French treaty is, in the adviser's opinion, an important step toward new legal acts for the definition of inter-European relations.

Like until now, France has been ready to assist Romania: it will help her move step by step toward an EEC association treaty, Mircea Pascu said.

On Romania's relations with the ex-Warsaw Pact countries the presidential adviser said that new infrastructures should be created to mark the continuation of old links on a different plane.

The relations with the USSR are very good, Mircea Pascu said. The treaty with it is the first in a series with former allies. On the East-West relations, the old economic balance with its ideological and military dimension has been upset, so that the old Romanian security concept of bilateral links must now provide a starting point.

On the relation with the U.S.A., Romania's first aim is to normalize them. Romania is seeking the friendship of the United States.

Relations with Latin America differed, they fell in the broader context of cooperation with Latin countries.

On the relation with third world countries, the old motivation no longer exists. The specifics of every state must now be taken into account, and bilateral links considered on a case-by-case basis, to set the priorities.

On Romania's attendance of the Francophone Conference, Mircea Pascu regards this as a normal regrouping.

On the idea of a European Confederation, the presidential adviser takes the view that it was not made a comprehensive characterization by the French side, adding that interest was aroused in the future Prague nongovernmental meeting that will discuss this matter. Furthermore, he referred to Romania's action with the Danubian countries as part of the same European Confederation.

As far as economic contracts with France are concerned, he said, they are developing between separate Romanian and French economic agents.

Roman Holds Briefing on Economy, French Aid

AU1904203991 Bucharest ROMPRES in English 1837 GMT 19 Apr 91

[Report on news conference by Prime Minister Petre Roman with unidentified reporters; place and date not given]

[Text] Bucharest ROMPRES, 19/4/1991—Romania's Prime Minister, Mr Petre Roman, stated at a nonplanned meeting with journalists that significant progress had been made in both democratization and the economy. "I think more particularly the people's democratic institutions have advanced very much. But we must not forget a thing too often forgotten namely where Romania was at the time of the revolution in comparison with the other East and Central European countries. It was indeed at the opposite side in the last ten years of dictatorship."

On the same occasion Premier Roman opined that at least 90 per cent of public opinion in Romania was completely against any comeback of communism to Romania, whatever its form. This is highly important he underscored.

As regards the possibility for France to become Romania's first economic partner, Premier Roman showed that [this has] started to concretize since there already were some important projects under way with French partners. Among them, the premier mentioned a contract on sugar-beet culture and sugar refining.

There are 60,000 hectares of land for the cultivation of sugar beet with French technology, and there are also the sugar refining factories nearby, which are part of the project. These refineries will become very efficient provided that more top technology is added. It is a project extending for several years and, maybe, we shall work 250,000 hectares like that. It is an already signed project which is operational and very important. Another project will be linked to the Elf Aquitaine society's participation in capitalizing new oil deposits. Another one will refer to metallurgy. Usinor is the first large foreign company that made a study to appraise the possibilities of present-day Romanian metal industry. There is also a project signed with the General Water Management Company for the treatment of waste water in Bucharest. It is an equally vast and important project. A French society will provide the necessary guarantees. And there is also the aviation industry which expects so little to be assisted and become competitive.

'Pro-Bessarabia, Bukovina' Holds Rally in Iasi

AU2204120991 Bucharest ROMPRES in English 1006 GMT 22 Apr 91

[Text] Bucharest, ROMPRES, 22/4/1991—A protest in Iasi's Union Square on Sunday [21 April] was called by the local branch of the "Pro-Bessarabia and Bukovina" association. Speakers to the meeting criticized the Parliament, the governement and the president of the country, who were held responsible for the consequences of the treaty of cooperation, good neighborliness and friendship signed with the Soviet Union, for the lack of political firmness on the fate of our co-nationals in the territories seized from Romania. The central leadership was also asked to denounce and cancel the Ribbentrop-Molotov Pact, to recognize the sovereignty of the Republic of Moldova and to give Romanian citizenship to all Romanians who live under foreign occupation. The Parliament of Romania was asked not to ratify the new treaty with the USSR and to take steps for an immediate return of the Hertsa Country and Snakes' Island, as the local administration was urged to dismantle the memorial to the Soviet soldier on Copou Hill and not to allow a Soviet Consulate to open in Iasi. Anticommunist, antigovernmental and antipresidential along with promonarchy slogans were chanted at the rally which ended without incidents.

Nastase Receives Pro-Bessarabia Group Leaders

AU2204165891 Bucharest ROMPRES in English 1452 GMT 22 Apr 91

[Text] Bucharest ROMPRES, 22/4/1991—On Monday, April 22 Adrian Nastase, Romanian minister of foreign affairs, met with executives of the "Pro Bessarabia and Bukovina" Association: Nicolae Lupan, president, George Muntean, first vice-president, Nicolae Pan Halipa, vice-president, and Valeriu Graur, general secretary.

Opinions were exchanged on the Treaty of Collaboration, Good Neighbourhood and Friendship Between Romania and the Soviet Union recently signed in Moscow by the two states' heads of state. The executives of the association expressed their concern over some stipulations of that treaty. The foreign minister explained those stipulations and underscored the necessity and importance of the treaty.

Opinions were also exchanged on the opportunity of opening Romania's consulate in Chisinau [Kishinev] and the Soviet Union's consulate in Iasi, respectively, of strengthening the cultural, educational ties between the Romanians in Bessarabia, northern Bukovina and Hertzia region.

Markovic Addresses Assembly on Economic Package

AU1904161091 Belgrade Domestic Service in Serbo-Croatian 1414 GMT 19 Apr 91

[Speech by Federal Executive Council President Ante Markovic at a joint session of the SFRY Assembly in Belgrade—live]

[Text] Respected delegates, after more than 40 years of living together in the socialist system that was organized and developed for years, Yugoslavia, similar to all socialist countries, has found itself in a crisis that can be resolved only with profound changes and not with any kind of repair of the existing system.

We have opted for the development of a completely new integral system that should ensure economic efficiency, the freedoms and rights of man, the rule of law, and political pluralism. In other words, we have decided to develop a society whose system would be founded on changes in the structure of ownership; on setting up the goods, labor, and capital markets; the transformation of the economy and its structural changes; a new role and organization of the state with the deregulation and liberalization of the functions it has had so far; the introduction of modern macroeconomic policies; a new role for the monetary and fiscal system; changes in the legal system of the country that would suit the character of a new system, (?which is to say, the system) that would ensure that the character of ownership determines the character of society by guaranteeing freedoms, rights, and sovereignty of citizens and the sovereignty of political communities, republics, and the country as a whole that stem from this, and from the political pluralism and multiparty organizing.

On the basis of such aims, the Federal Executive Council [FEC] has formulated a thorough program of changes in the system and all its parts. Working on the program of changes, we were aware that the transformation of all parts of society must be synchronized both qualitatively and quantitatively, especially regarding dynamics. We paid particular attention to the exceptional importance of the time dimension that determines them. There is a necessity of mutual influence of the time dimension and the dynamics of changes in some parts of society and its shaping so they produce optimal results. [sentence as heard]

The FEC has embarked on the program of reforms on the basis of amendments to the SFRY Constitution adopted in November of 1988, and had available only the amount of maneuvering space that these constitutional changes determined. Meanwhile, enormous work has been done on conceptualizing, developing, and putting into practice the entire program.

The program that was implemented during 1989 and nine months in 1990, that is, in one and half years, was producing exceptionally good results while these processes of changes were mutually harmonized. This was manifested in the almost total liberalization of prices, the opening of our country to the world market, the liberalization of economic relations with other countries, the separation of the monetary from the fiscal system, the introduction of a convertible currency, the creation of an unprecedented amount of foreign exchange reserves, which represented an enormous wealth of this society, (?rapid changes) in all parts of society, particularly in setting up the ownership and production structure—in a short period of time more than 50,000 small and medium-sized enterprises, which our society lacks most, were set up,—and the stabilization of prices and reducing the pace of their rise to an exceptionally low level along with a wealth of goods and services in our market.

All the conditions existed—especially because the program of restructuring the existing social ownership made it possible—on the basis of past experience in our society, accumulated knowledge, the motivation of workers and the leading teams of people, as well as a certain feeling of ownership over the means that they managed, carry out the transition from one system to another system without major tremors, together with a consistent process of changes.

This meant abandoning the domination of the system of social ownership and the ideology of the consensus economy founded on it, as well as the corresponding system of self-management. At the same time this meant abandoning monopolies in all parts of society, especially the state and its management of and interference in the rights of economic entities to make independent decisions regarding business and development. At the same time this meant abandoning the state built on the one party monopoly as its connective tissues, and the legal system reflected in the constitution according to which this one party system could function even in those parts in which it was not (?developed).

All these changes started by the FEC, as well as the positive results that have been achieved regarding the transformation of society, have facilitated a relatively painless transition from the one-party to a multiparty system and multiparty elections throughout the country, except at the federal level. This was done in a peaceful and basically democratic way.

We have now found ourselves in a situation where the existing Constitution of Yugoslavia, which was built on social ownership and all other components that stem from it, has become a real obstacle to the process of transformation. Therefore, after having carried out an enormous amount of normative work, the FEC prepared as far back as 18 December 1989 amendments to the SFRY Constitution and proposed them to the SFRY Assembly, together with the introduction of new macroeconomic policies and the stabilization program as a necessary stage in the process of reforms.

Unfortunately, the constitutional amendments have so far not been adopted. Meanwhile, the process of changes initiated by the FEC continued its course and started to increasingly find itself in conflict with the old legal

system and the organization of society based on it. To create opportunities for changes, the republics with their constitutions, leaving the legal-constitutional framework of Yugoslavia, proposed certain solutions, preempting [anticipirati] proposals contained in the amendments to the Constitution of Yugoslavia. In this way the SFRY Constitution becomes an impediment to the changes at the federal level, and at the same time their compulsory legal framework. True, it binds only federal services, while the republics feel it as a pressure on their sovereignty, and claim that it is an attempt by the federal government to preserve the old system, not seeing themselves and their (?resistance) to the adoption of amendments to the SFRY Constitution as a partial culprit for hampering the proposed changes.

This was the cause of several different legal systems being set up and introduced in the country and of the disturbance of the existing legal system. The first symptoms of legal insecurity are emerging, and thus the resistance to the existing systems that are appearing as the consequence of inertia and a lack of readiness to accept the necessary changes in all parts of society, especially in the economy. Political parties that logically fought for power in multiparty elections were using the positive achievements and successes of reforms and the democratization of society, which was also a result of the FEC's efforts.

In the interest of their own victory, however, they often and unscrupulously supported resistance to the transformation of society, breaching the frameworks of the agreed systemic changes and policies that stem from them.

Impairing federal regulations has become prevalent behavior, and giving priority to republican regulations has seriously undermined the very foundations of the legal system.

Since the middle of last year, and particularly at the end of the year, this turned into quite specific manifestations, like the enormous increase in public spending and the increase in wages without the money to pay for them, so when there were insufficient funds for this, mutual obstacles were introduced in the market, which was divided up and fragmented into smaller and smaller parts. This therefore negated the processes of liberalization and opening up toward the world and the favorable influence of world trends and movements on us.

The incursion into the payments system and the stealing of other people's money, the incursion into the monetary system, and the unauthorized issuing of money, all this has led not only to legal anarchy but also to economic chaos. This means that instead of us having the transformation of one system into another, which would have had the smallest social and economic price, we have reached a situation in which the halt to the processes of reform has started the sudden impoverishment of the society and its erosion, tending toward the collapse of the system.

The price of this way of changing one system into another, when instead of its transformation we have collapse and when on the ruins of this system, a new system is yet to be constructed, is considerably greater not only socially, economically, and politically, but also in human terms because this cannot help but cause economic collapse and a social explosion of unprecedented proportions.

Until last fall, with the minimum of functions that we had at our disposal and with the minimum of instruments that we could use in making changes to the system, we succeeded in transforming the system at relatively small social and economic cost. The standstill in implementing the reform in all its sectors has meant that this cost is incomparably greater even now.

These six months of the standstill in implementing the reforms and attempts to negate them and the smashing of the legal, payment, monetary, foreign currency, and all other systems have led to the erosion of the material base of the whole of society and essentially increased the cost of its restoration to a level that will in the future facilitate positive trends of development. Were it not for the losses caused in this way, we would even today be in an incomparably better situation even in the area of employment.

Assessing that there was increasing resistance and stoppages in the process of changes, that is to say stoppages in the implementation of the reforms in our society, and assessing the enormous harm done to our citizens, republic, provinces, and the entire country, the FEC worked out as early as last October a program that is today already well known at home and abroad as the 11 plus three points.

To carry out this program, it would be necessary, and the proposal says this, to reestablish the devastated legal system and make it consistent, restore legal security to every citizen, every economic entity, every part of the country, republics, provinces, and the entire country and reestablish the flow of payment operations, as a neutral mechanism in which no one has the right to take someone else's money.

This also means the establishment of the functions of a monetary system that someone will simply not be able to attack and to take money to which they have no right, as was done in Serbia at the end of the year and in Montenegro at the end of the March. This is, of course, to the detriment of everyone individually and collectively and even to those who did this.

The FEC has therefore taken extreme measures to establish financial and monetary discipline, to close the cracks that have appeared in payment operations and the monetary system, and to force those who carried out the incursion to return the money. Apart from that, by changing citizens' foreign currency funds into dinars, some banks have secured money that, on the basis of political decisions, has been given to provide incomes for enterprises that are collapsing or for some other purpose, for example, to preserve young democracy or to win elections.

The unrealistic increase in incomes and public spending in some communities has required the foreign currency market to be closed to save the foreign currency reserves of the country and its citizens, so they are not destroyed by those who frequently have not contributed to them being accumulated. All this has been done—and we created conditions for this—to reestablish the functioning of the system and to facilitate the continuation of the reforms and not to suspend the system and not to allow centralization or unitarization at the level of the country.

The 11 plus three program is a proposal to increase the efficiency of the functioning of the state in the transitional period, as a necessary stage in the transformation of one system into another. The temporal dimension has a significant, and perhaps the decisive role.

At the same time, this proposal recognizes all political changes and seeks a way to make different legal systems mutually compatible. It accepts the legality of elected authorities and assemblies and of the democratic changes that express the wish and will of the people. At the same time, it seeks solutions for joint coexistence in Yugoslavia where different political options have won in individual republics.

It represents the reestablishment of a system in the country that is functioning in the general interest and in the interest of every individual. Therefore, this means a return to reforms, something from which nobody can escape, whatever way everyone is organized. When proposing the transformation of society in a congruous and consistent way, the FEC did not want to prejudge future relations in Yugoslavia, and it had not decided in favor of a federal, confederal, or any other option. It has always proposed that a system that will function should be established, a system that will provide us with conditions and the time needed to agree upon the future organization of our joint life in Yugoslavia. It has in fact exerted efforts intended to provide both the conditions and time for such an agreement to be reached. For even if talks about the future setup of the country were held in the best possible way—and this is not the case—and with the best intention to solve them positively—and unfortunately this is not the case either—then the legal anarchy and economic chaos that already reign would very quickly lead to such internal tensions, so we would not be able to prevent or avoid a social explosion at all. [sentence as heard] In this case, the future agreement would come to nothing.

Our experience once again clearly confirms that there cannot be any delay in the process of changes in a society when conditions are ripe and there is a need for these changes.

These changes can in principle be carried out only in two ways: either by destroying one system completely and constructing another one upon its ruins, or by transforming one system into another. True, the latter demands an exceptionally well thought out program prepared with great expertise and experience—something that the FEC has already offered and the world has recognized—which should then be implemented in the best possible way.

However, such a major transformation demands political consensus. Delays and this interruption in the process of reforms best show what horrifying consequences follow the breakdown of a system. They are not only warning but also demanding that all the subjects of this society accept the program of reforms in their own interest. Our intention is not to destroy, but to build a new system and new relations, no matter whether we will all remain in the same country or be divided into several parts, because neither a single part of the country, nor the country as a whole can avoid the dilemma of whether the change from one system to another should be carried out by transformation—through an elaborate system of transforming society—or by breaking up society and building a new one upon its ruins.

Without denying the political changes that are here and the need to express national interests, I think this is the right time to end as soon as possible all mutual disputes, quarrels over sovereignty, armament, borders, and ambitions involving big and small states, that is, everything that is preoccupying many of our political individuals and circles today, impoverishing all parts of the country, exhausting a huge amount of energy, and focusing attention on relations and not reforms, thereby wasting the energy not only of individuals but also of our society in general.

We should go back to reforms and prove our commitment to the development of democracy and economic and political pluralism. One's own sovereignty should be proved by developing reforms, restructuring ownership, developing all market factors, and giving a new role to the state so it will not interfere in the work of economic entities, but will direct macroeconomic policies and guarantee human rights and freedoms. We should prove our abilities by encouraging the development of new economic structures as much as possible, by restructuring the existing ones, enabling the best to become even better, and by not taxing them excessively to save the unfit ones.

By forming new management structures, we should induce entrepreneurship and motivate the best and most able people, of which we have a quite number, to boldly embark on changes and take business risks, and not make them feel insecure or even tie their hands because of their political beliefs.

We should prove our commitments to social justice and the functions of the social state by developing ownership democracy, by transferring social problems from enterprises to society, and developing motivation and not egalitarianism. Election promises should be fulfilled by stimulating all the reform needs of the transformation of our society in the transitional period so the social and economic price is as low as possible. We should not look for the way out by attacking the money printing and minting works in Topcider and the exchange reserves in

the National Bank of Yugoslavia, and should not unjustifiably duplicate the state infrastructure.

All this is creating an illusion, based on hastily given promises, that a new development cycle will begin and that prosperity will be ensured overnight. In such a state, every political party, regardless of whether it won at elections or not, has the right to fight for its political views, and every citizen has the right and freedom to take a political stand and not to suffer any consequences for this in his life or work.

The documents presented to the SFRY Assembly, among other things, give a detailed explanation of the constitutional and legal relations in the country and their impact on the realization of reforms. In drafting the economic reform, we proceeded from the constitutional and political-legal presuppositions that would be created by the adoption of the constitutional amendments that the FEC proposed to the SFRY Assembly together with the entire program of economic reforms in December 1989.

As you know, the proposed constitutional changes were not endorsed. Therefore, the constitutional (?basis) for changing systemic laws and other federal regulations necessary for the realization of the program of reforms was most often sought in a flexible and often very wide use of the existing constitutional powers, which we have all witnessed, extending support to such an approach by the FEC.

However, it is necessary to say that despite this the inappropriate legal and political atmosphere, it has increasingly become a limiting factor in the economic and the general social reform and can now be described as a blockade for the course of the economic reform. This fact, together with the different constitutional-legal systems that have been created in the republics and the increasingly different behavior, have most directly contributed to the creation of total chaos and confusion in the legal system, which in turn slowed down and halted reforms in almost all parts of the system, thus endangering the FEC program as a whole.

The constitutional amendments or new constitutions that some republics have adopted, have anticipated to a (?greet extent) the provisions of the federal constitutional amendments that have not been adopted. This has facilitated the democratization of society, which has been demonstrated above all through the abandoning of the one-party system, the holding of multiparty elections in all republics, and forming multiparty legislatures.

The emergence of multiparty legislatures in the republics gave prominence to various political views on how current development problems should be resolved. Some republics strived for the creation of autonomous constitutional and legal systems through the constitutional provisions, laws, and other regulations. Proceeding from that, they took justice into their own hands and grabbed other people's funds and property in the most brutal way. They introduced taxes and levies, they (?destroyed) the market, violated the freedoms and rights of both enterprises and citizens. They most often justified this by citing the alleged defense of their communities and republican or national interests.

They justified this kind of behavior by continuously telling their communities, republics, and nations that they did not benefit in the common state and that they have to defend themselves not only against those who are exploiting them, but also against the common state via which exploitation is being carried out. It would be superfluous to demonstrate that there is no market economy and national justice, because markets cannot exist in enclosed reservations but in opening up toward the world, toward everybody and the world as a whole. This means that the number of our markets will depend on the extent to which we are part of European and world markets.

Moreover, there will be no market without its own justice, which is based on the supremacy of the successful over the unsuccessful, regardless of their nationality or the republic they come from. Economic, political, and national programs must be based on this. Every citizen can participate in his free time in any kind of human, political, or ethnic activities, but he is obliged to produce wealth when he is at his workplace, or during his work time. H will be judged according to how successfully he performs his work.

The right to the results of the work cannot be based on anything else. Of course, the federal state will not only protect and stimulate the rights of entrepreneurs and citizens to have equal opportunities in the market throughout Yugoslavia, but will also protect the rights of individuals to express their political, ethnic, and personal views and organize their activities and in this way confirm their commitment and prove their rights in all respects.

Unconstitutional behavior in some republics, legal anarchy, stripping power from the system's legal institutions, and the creation of parallel and quasi-legal institutions culminated in the last quarter of last year and this year with numerous political events which could, had they not been prevented with dialogue and in a democratic way, have led to clashes and even a civil war.

The most critical period was certainly the period in the middle of March this year when we faced the introduction of a state of emergency in the country, and when, following the resignation of the president and some other members, we faced the blockade of the work of the SFRY Presidency, which at that time acted primarily as the Supreme Commander of the Armed Forces.

Considering that all this took place outside the SFRY Assembly, the FEC was the only federal body that continued to work at the time. With its continuous and constructive work, the FEC unanimously, persistently, and in line with its reform commitments tried to find ways out of the new situation in a peaceful and democratic way. leveled at the FEC and particularly its president on that occasion, it succeeded in this, and it is now probably clear to every well-intentioned person in our country and abroad that we were right and that we did well.

However, not all the crisis hot spots that threaten to develop into serious interethnic conflicts and armed conflicts with all the far-reaching dimensions have been extinguished . The most pronounced ones at the moment are in Kosovo and some parts of Croatia.

The reality of Kosovo is tragic. Total interethnic separation, almost total paralysis of all institutions, unemployment, and dramatic social problems burden the international standing of Serbia and Yugoslavia. The reality of Kosovo is tragic.

Under these circumstances, the human freedoms and rights of Albanians are at the lowest level and the living conditions of the Serbs and Montenegrins, who have been oppressed for years, have not yet been improved.

Indeed, relative peace is being maintained through the actions of repressive servicess, but also through the political activities of some opposition parties of the Albanian alternative movement. Like the earlier measures in which the federation participated, it is obvious that the measures that have been taken so far have not produced the expected results, even though they are now solely under the jurisdiction of the republic. On the contrary, under the veil of illusory peace, extreme political anti-Serbian and separatist orientations are intensifying, which have also been expressed in the unconstitutional proclamation of the Republic of Kosovo.

Often the whole Albanian people in Kosovo is all too easily and arbitrarily described as separatist and this forms the basis for political and other kinds of countermeasures. This is demonstrated in the suspension of the Albanian-language media and the disproportionately small number of Albanians participating in authoritative and management roles in Kosovo. It is true that the Albanian people have missed the opportunity to politically affirm themselves at the multiparty elections in Serbia.

Such a situation is untenable and will not be able to last long, especially if there continues to be a lack of well thought-out political activity that will create prerequisites for the establishment of the normal functioning of the appropriate services in Kosovo and dialogue between all democratic political options.

In some parts of Croatia, particularly in those that are predominantly inhabited by Serbs, there have for quite a while been dangerous hot spots of interethnic conflicts. This was most seriously indicated by the recent tragic event in Plitvice, which was only one of numerous incidents.

This was the consequence of several factors and circumstances. The ambition of the party in power to immediately carry out its program, which is centered around the creation of a national state with all the attributes of sovereign power and with pronounced national characteristics caused mistrust, fear, and resistance among part of the ethnic Serb population. This has created opportunities for the activities of extreme Serbian nationalists, but has served as an instrument for them to develop the idea of creating a unified national state of the Serbian people, which, of course, includes the redesigning of inter-republican borders.

The legitimate and indisputable right of peoples, in this case the Serbian people, to make a free decision about all issues in their life is being used against the state-legal procedures for the unconstitutional creation of the so-called Serbian Autonomous Region and the adoption of the decision on secession.

Under such circumstances, instead of acting to calm down the situation, to democratically settle conflicts, and to extinguish crisis hot spots, the legal and legitimate institutions of the system, primarily the Assembly of Yugoslavia, are being deprived of power. On the other hand, there have also been hasty and irregular reactions from those institutions of the system that should be a cohesive factor in solving the crisis.

Bearing all this in mind, the FEC has on many occasions judged that although this requires long-lasting and patient talks, only a peaceful, tolerant, and more democratic way of solving all controversial issues—including these crucial ones connected with Yugoslavia's future setup—represent a chance to remove the dangers of mutual conflicts and civil war. The condition for this is to transfer the solving of all these problems to the republican assemblies and the SFRY Assembly. It is in this context that we assess the talks of the presidents of the republics, that is of the republican presidencies, as something that can certainly help the overcoming of crisis situations and preparations for an agreement on the future Yugoslav community, but cannot replace the system's legal and legitimately elected institutions, and above all federal and republican parliaments.

In this situation, the position of the Yugoslav People's Army [JNA] is particularly sensitive. It has been exposed to various pressures ranging from demands to completely abandon its constitutional role and tasks and to be a passive observer of processes and events in our country and, among other things, to agree to its own dissolution, all the way to demands to use direct armed intervention, that is, to use force to help only one option in solving the Yugoslav crisis.

However, it is the fact that regardless of some moments of crisis when such developments could have taken place and of some specific moves which were counterproductive—such as the appearance of tanks in Belgrade streets, about which the FEC was not informed—observed on the whole, the JNA has recognized the reality of democratic processes in the country and has remained within the framework of its constitutional position. The JNA has been more and more convinced that the successful realization of reforms is a condition for the survival of Yugoslavia and therefore for its own survival.

Despite some formal proclamations about establishing the rule of law and a social state, the role of the state in politically constituted and extremely autonomous (?parts of the country) relies more and more on the daily

political interests established in the centers of political power. Instead of the state limiting its activity in the sphere of economy, of democratic political life, and particularly of human rights and freedoms, it is doing the opposite. The autonomy of enterprises is being suppressed through state interventionism in the form of turning social property into state property and establishing an ever widening control over the work of economic subjects. The autonomy of other subjects in society, such as the media, is also being put under the state's domination. The democratization of social relations is coming up against higher state and national interests and the threat that excessive democratization may endanger national unity and national interests.

However, it is completely clear that in light of the justified workers' discontent, because reform currents have been slowed down and their social, economic, and other vital problems have not been solved, such an insistence upon national and other reasons is reaching a critical stage. Workers justifiably turn to state authorities to solve their problems and the grave position they are in and will continue to do so more and more. What else can be expected when the state is taking over the role of the owner of enterprises and establishing a totalitarian system of setting up and implementing workers rights.

On the other hand, such tendencies are also being expressed through the definition of the basic role of the state to direct social currents and overcome social conflicts by relying heavily on the strategy of force and duress. Hence the priority demands of state services in almost all republics to have their own armed forces in the form of a classical army or police, or other similar formations.

The closing off of the legal systems in the republics has serious consequences with regard to guaranteeing the freedoms and rights of man and citizens.

This situation has led to a great discrepancy between what is normative and what is real in the sphere of human freedoms and rights. Accepting European standards and instruments regarding human rights is made more difficult by the existence of the autonomous legal systems of the republics, which do not guarantee efficient implementation of the obligations that Yugoslavia has taken upon itself.

On the other hand, the real situation concerning human rights is increasingly deteriorating. Individual rights are being suppressed to the advantage of collective rights. Discrimination based on a national, ethnic, or political basis is becoming increasingly frequent. Property rights and entrepreneurial freedom are being restricted. The merciless media war has negated the basic right to objective information and the protection of human dignity and honor. Party monolithism is suppressing trade union and other forms of organizing. Moral and political suitability is being introduced in elections for justice and other entities through the back door. Social rights and rights associated with pension and disablement insurance are not being realized because sources of funds are not being ensured for them.

Because of the lack of unanimity in foreign policy the protection of some Yugoslav peoples living in neighboring countries is diminishing. Human life, personal integrity, personal safety, and other existential human rights are at the lowest level in those parts of the country that constantly live in an atmosphere where there is a threat of armed conflict or civil war.

Therefore, instead of expanding the freedoms and rights of man and citizen, and their protection on the entire territory of Yugoslavia, the republican legal systems often represent the basis of repression or the protection of discrimination, or privileges depending on the citizens' ethnic, religious, or political affiliation.

Interethnic and inter-republican clashes are yet another way of endangering the freedoms and rights of man and citizen. The situations that we are increasingly encountering confirm our view that these problems, regardless of whether they refer to one person, or certain parts of the country, or peoples, or nationalities, must be resolved by furthering democratic relations and through political dialogue rather than through the use of force, a scenario of fear, and so forth.

The situation in the media adversely affects the implementation of the reform program. The process of democratization in the media has to a great extent been stopped and devalued by the media being placed in the service of the monopoly of certain political parties. The full responsibility for the present seclusion and contamination of the media should be borne by political leaderships that are in control of their media. They started the media war and its end depends to a great extent on their decisions. However, only reform processes can permanently ensure that the new paths of democracy are won in the media and the current situation is overcome.

Instead of carrying out the Yugoslav reform, the biggest obstacle is the subordination of mass media to certain political, national, ideological, economic, and other interests and aims, and the main condition to join on equal footing in the world currents concerning the civilized achievement, such as media. [sentence as heard]

In all this, the existing Constitution, which dates back to 1974, is a real obstacle to the process of transforming society, including its role in preserving social relations that are grossly superseded by amendments from 1989, the program of reforms and the new federal legislation, and those provisions in the republican institutions and their other regulations that anticipated the proposed federal amendments and reform orientations.

Under such conditions the FEC was caught between the obligations that stem from its position and responsibility to preserve the principle of constitutionality and legality and prevent confusion and chaos in the legal and political system, and the need to stimulate as much as

possible all positive reform-oriented processes in the country, trying to create for them the necessary legal framework through federal legislation.

Attempts are being made to assess the FEC's efforts to eliminate the gap between the federal and the republican legal political systems as attempts to preserve the situation set up by the 1974 Constitution to protect the consistency of the country's legal system and ensure its legal functioning in the transitional period, even to again create preconditions for the centralization of functions at the federal level. This is of course absolutely wrong.

The FEC is aware that the amendments proposed in 1989 represent only one step in remedying the existing outmoded relations and, although it is insufficient, they are the framework in which to resolve the existing discrepancies between the federal and republican constitutional systems. Therefore, I am proposing that a constitutional amendment be adopted within the framework of points one through three as a subsidiary element for the democratic settling of contradictions in the transitional period. It is necessary to reach agreements on the proposed points, which will create space for talks on a future Yugoslav community. This is possible only if an unambiguous political agreement is reached on the freezing of all decisions that have been adopted and on abandoning all activities which prevent, halt, frustrate, and hinder the processes of the reforms.

There has been agreement with the presidents of the governments, so before today they could announce that they are withdrawing all their decisions or suspending or freezing those decisions that impair the functioning of a unified Yugoslav market. A short while ago, the FEC received positive answers from four republics. One has said that it does not have any such regulations at all and one still has to contact us. It would be good for it to do this as soon as possible.

Those constitutional provisions on which an agreement must be reached, because they are the frameworks for the prerequisites for the system to function in the transitional period, include an amendment on elections for the Federal Chamber. The setting up of a multiparty Federal Chamber should complete the process of setting up multiparty assemblies, which has already been concluded in the republics. This will also complete the incipient process of the democratization of the political system and ensure that in the process of finding solutions on new relations in a future Yugoslav community, the Yugoslav Assembly acquires the role that belongs to it in the system.

For these reasons, it is essential that the kind of electoral system be constructed that will ensure in the optimal way the participation of all citizens, peoples, and nationalities in the work of this highest auythority in the federation. This means that we need an agreement between all, both state and all other, structures in the country, including citizens, on a period of peace in the country in which, without negating the achieved process of development but also respecting all rights that have emerged from the development of individual republics, a process will be instigated that will mean our inevitable road toward integration with Western Europe.

Our joining Europe means a struggle for Yugoslavia without frontiers because this is a question of a united Europe in which there are no borders. In this context then, the borders between us acquire a quite different quality.

The achievement of an agreement would create the conditions that are essential to overcoming in a certain period of time the crisis that we are in, so our entry into Europe will be easier. Believe me, it will become easier for everyone the more Europe integrates us.

Respected delegates, as is well known, during 1990, the FEC worked intensively on conceptualizing a program of economic reform and the creation of conditions for it to be carried out. This program contained a stabilization program. Radical changes were carried out in the entire economic system, but to the extent that this was possible within the framework of the present Constitution.

Normative prerequisites have been created to to help start the process of transforming the economy to the market way of conducting business, and instruments and mechanisms have been built up for efficient market management of macroeconomic processes.

A considerable consolidation of the inherited situation in the economy has also been carried out thanks to the implementation of appropriate macroeconomic policies. These positive results have particularly been reflected in favorable effects realized in the sphere of economic relations with foreign countries—an increase in exports, a surplus in the balance of payments amounting to $2.43 billion, an increase in foreign exchange reserves by about $3 billion, and settling the situation in the monetary sphere, as well as removing price disparities. Namely, if disparities in prices had not been removed in a natural way, that is, through liberalization under the condition of high inflation—because of which we were frequently criticized—one of the essential prerequisites for successfully implementing stabilization policy would not have been created. There is no other way to properly establish real and natural price parity.

This has created all the necessary prerequisites for creating the concept of the economic reform program and for implementing this program, and particularly its anti-inflationary section. n implementing the program, the focus was first placed on reducing inflation and after this was successfully realized in the middle of the year, certain adaptations were made in macroeconomic policy (?only to) serve the implementation of other aspects of the reform.

There are two key instruments of this program that should lead toward a gradual recovery of the Yugoslav economy: convertibility of the national money as a means that makes it possible for our market to be linked to the world market and for our economy to join the European integrational currents, as well as the opening

of the process of structural changes in the economy, above all on the basis of transforming social property into private property, capitalization, and providing more room to entrepreneurship to develop freely.

Thanks to the consistent nature of this program, good management over it, and the consensus created at the beginning, extremely good results were achieved during the (?past) nine months of last year, and particularly in the first half of the year. Inflation was reduced and was even negative for some time. The rate of increase for exports was creatively high. Foreign exchange reserves achieved the record amount of more than $10 billion. The dinar was convertible for the first time since the war.

The process of structural changes in the economy was opened by an explosive growth of private enterprises and increased inflow of foreign capital on the basis of joint ventures. The commodities and services market has begun to function and the confidence of foreign business circles in our economy increased, which resulted in various arrangements between domestic and foreign firms developing in full swing.

This was an extremely good basis and a brilliant chance for Yugoslav society to start pulling itself out of the crisis at an accelerated pace and not a very high social price.

As has already been said, a process of erosion of the system started about the middle of last year, and its almost complete collapse and a total blockade of reforms began at the end of the year. The forms of the erosion and blockade were manifested in the compartmentalization of the united Yugoslav market, in established business links being cut and the flow of commodities and money being closed within national borders, incursions into the monetary system, unauthorized and unlawful money (?issue), failure to pay into funds earmarked for the federal budget, abandoning and violating macroeconomic policies established at the federal level, as well as disempowering the legal federal institutions in performing their functions established by the Constitution.

Such a conflicting, controversial, and anarchic situation in our country has had some extremely negative implications for the implementation of the economic reform and the policy of economic stabilization. Among other things, these processes are reflected in the following: During the last seven months of last year and the first three months of this year, there have been explosions in the sphere of wages and public spending. Wages exceeded the amount planned by the stabilization program by about 71 billion dinars in the period between June and December last year, and by an additional 11 billion dinars in the first three months this year, which amounts to about 82 billion dinars, that is, more than $5.4 billion at the present exchange rate. Such a high surge in wages is particularly negative, because it is not a result of changes performed in restructuring of property.

On the other hand, high wages have a considerable effect on inflation, the dinar exchange rate, and foreign currency reserves. The federal laws on regulating relations in the sphere of distribution, which have tried to regulate this, are not being applied at all, but republican collective agreements with small exceptions do not represent any obstacle to the unrestrained flow of unrealized value and even social capital into personal spending.

In this respect, there is pronounced egalitarianism in the distribution of personal incomes and a relatively high level of incomes was set for unqualified workers, which serves as the basis for setting the range of personal incomes for qualified workers. Wages are increasingly being paid in coupons on which no contributions are paid. The setting of a relatively high level of guaranteed personal incomes allows uniform distribution both to those enterprises that operate at a loss because they are illiquid and to those who have good business operations, by limiting the highest personal incomes or putting unrestrained taxes on them.

In the last year, public spending was greater by about 170 billion dinars than the aforementioned model planned, which means that in real terms it was two percent higher compared to the previous year, and this is under conditions of a decrease in the social product of around 10 percent.

The planned total of public spending in the first two months of this year was exceeded by more than 16 billion dinars. Unfortunately, during the third month it was exceeded even more and reached the level of 46 billion dinars, which is even greater than last December's level. In total, public spending in these three months has already been exceeded by more than 20 percent.

Apart from the social superstructure and the attained rights that are generally still being maintained at the previous level, these explosions have been affected by republics that, in endeavoring to achieve statehood and independence, have developed some new functions for institutions that require additional material funds. In other words, it is paradoxical that under the conditions of implementing an anti-inflationary policy, such explosions had to be carried out in the sphere of distribution, which had the effect of worsening the balance of payments and aggravating the problem of illiquidity in the area of reproduction and especially investment. Herein lies the main cause of the drop in production and investment in 1990 and at the beginning of 1991, which will have an effect on this entire year.

Even though taken as whole, monetary policy last year was more or less within the frameworks that had been planned and contributed to bringing down prices, it is a fact that, under pressure to provide loans for agriculture and to convert primary issue loans into long-term loans, it was also expansionary at times and monetary authorities did not promptly react by withdrawing the excess money supply.

The process of transforming and making banks independent is still being prevented, in the sense that they behave like real financial institutions that are motivated to gain profit and to apply economic and not social principles to

their business operations. Under such circumstances, instead of being working capital, these loans often end up through wages, taxation, and contributions as personal spending, increasing losses in the banking system.

The aforementioned attacks on the monetary system, which have been made from various sides in a desperate attempt to rectify irresponsible behavior and improve a deteriorated financial situation, were the final act in the serious drama of demolishing the Yugoslav system of macroeconomic regulations.

This has done inestimable harm to our economy. This is not only a question of harm caused by the unwarranted issue of money and its use to temporarily finance the federal budget, because of the difficulties in which the budget found itself after monies that were due it were withheld, and the influence that the money that was created in this way has on inflation, but also the lack of comprehension of the kind of absurd behavior that is totally unknown in the rest of the world.

Therefore, foreign business and financial circles are increasingly reluctant to enter into business ventures with our firms. The Yugoslav market has been fragmented despite our general and generally accepted stand that we should open up toward the world and become an integral part of the world market.

The introduction of taxes and deposits and breaking off of traditional business ties adversely affect production, lead to a reduced utilization of factories, increase costs of production and unemployment, affect the supply of goods, accelerate inflation, and so forth.

Such measures have in particular been taken in Serbia, Slovenia, and Croatia. The consequences of restricting the flow of money to certain regions are a slow turnover of capital and the need for a considerably greater amount of money to ensure the same volume of turnover, increases in illiquidity, a rise in the price of capital, and so forth.

The disturbances generated by local foreign exchange markets with a high [word indistinct] and a similar influence on the liquidity and costs of business in that respect are becoming worse and worse. Under the influence of aggravated political circumstances in the country and the mistrust and uncertainty regarding the future survival of the common state that have been created, during the last quarter of last year foreign exchange reserves started to rapidly diminish and the country's balance of trade started to deteriorate. Between August and the end of last year, foreign exchange reserves were reduced by over $3 billion.

Some calculations show that the negative effect of these unfavorable political circumstances on the country's balance of payments amounted to over $5 billion. The aforementioned reduction in the foreign exchange reserves was not itself the main reason that the National Bank of Yugoslavia stopped appearing at the foreign exchange market, because reserves are still at such a level that according to all criteria they could fully ensure the country's external liquidity.

However, the problem lies in the fact that under the conditions of a general erosion of the system, misuse, the printing of money, and various other types of speculation, there was a real danger of foreign exchange reserves disappearing quickly.

All previous reforms in our country, as well as those in the former socialist world, failed on the question of ownership. There is a real danger that this reform may have the same fate. In fact, all resistance to the reform, however it may be demonstrated, is essentially concentrated in the increasingly obvious resistance to the transformation of ownership, that is privatization. Being aware of the crucial importance of ownership transformation for reforms to be carried through, we have been correcting the systemic and legal environment necessary for this process to start. Macroeconomic polices were subordinated to its realization. This is why in July last year, when inflation was curbed, we made changes to the law on social capital that accelerated the process of privatization.

The systemic frameworks that have been created and the macroeconomic environment have contributed to the process of privatization of existing enterprises and the opening of new private enterprises to take off suddenly. The eruptive disintegration of the old system and the emergence of a new economic structure were in sight. For instance, almost 14,000 private enterprises were set up in the period of the three summer months, July, August, and September. This is 57 percent of the total number of enterprises that had been set up by that time.

In view of this trend, plus seasonal factors, we were supposed to have about 65,000 new private enterprises at the end of last year. The actual number was something over 52,000, that is to say about 13,000 fewer than we expected. This happened because in the last quarter we had a political atmosphere that was unfavorable for radical changes in the sphere of ownership and setting up a new economic structure. We had a slowdown and in some republics there was a total halt in the process of ownership transformation.

At the same time, with this process being at a standstill, a general climate was and still is developing that the only socially just way of transforming social property is to declare it as state property, that is, to transform it into state property and then privatize it under state control. This is indeed an acceptable solution for those who believe more in the efficiency of the administrative directives than in the efficiency of market processes. Naturally, the roots of this ideology lie in the identifiable material interests, not only of the bureaucracy that wants to retain power, but also of all those who were enabled by the current system to receive wages for little or no work at all for the sake of political peace.

A danger of new statism is emerging in our country under the cloak of the protection of social property and

social justice. By transferring social property into state property, an attempt is being made to create a new economic basis for a totalitarian authority and to thwart the transition to a bourgeois society.

The FEC is of the opinion that the existing trend of turning social property into state property is backward and that it represents a return to the state controlled economy, which has shown itself both in our country and in other countries to be inefficient, incapable, and outdated. The logic of state ownership does not need market coordination, but needs bureaucratic coordination. State ownership enables the state—under the conditions of dictatorship by the majority party—to appoint management teams, decide about income distribution, and manage enterprises.

Privatization models advocated by the FEC proceed from the interests of enterprises and the people employed in them, as well as from the fact that the money earned from privatization primarily remains in the enterprise itself. At the same time, the FEC proceeds from the assumption that social ownership is a step forward toward the market in comparison with state ownership. These very advantages presented additional reasons for us to develop these privatization models, which will use the advantage we had in comparison with other socialist countries and which would, apart from gaining additional capital, make it possible for us to increase efficiency in the management of enterprises, because enterprises will be managed by their owners, individuals and institutions who invested their own capital in them.

What is it that has essentially changed in the management of an enterprise if it is proclaimed to be state-owned? Who are the teams of managers that the state should appoint in 21,000 enterprises to make the management in them efficient and profit-maximizing and where do they come from? Turning the existing property into state property is contrary to the aim we are advocating. Our aim is to help the development of the process of so-called ownership democracy through the process of privatization. In fact, we are trying to help as many employed people and citizens of this country as possible to become owners of the existing property and not to have this property be owned by only one owner, the state, or a small number of people who have money to buy it. This is why we suggested that privatization be carried out with discounts and under other favorable terms, so in the process of privatization this property would be made accessible even to low income earners.

The remark that federal laws enable sell-offs are unjustifiable, because there have been only about 10 classic type sales of enterprises in the entire country, while the transformation of the existing enterprises into joint-stock companies by issuing internal stocks is not treated as classic type of sale but as (?capitalization).

Therefore, we see the millions of employed people as a force that will decide how to carry out ownership transformation and will take the risk and gain the results of this transformation, the power and knowledge that cannot (?be replaced by) any state service. We therefore consider it the state's task to create as suitable conditions as possible, particularly institutional and financial conditions, so employed people, former workers, pensioners, and all citizens can obtain shares more easily and not to alienate enterprises from the people employed in them and put those people in a subordinate position.

The fact that the proposed model is acceptable is also clear from its realization in practice. Despite the fact that an unfavorable political climate has been created and that legal documents that make the implementation of this model impossible have been adopted, about 1,000 enterprises in our country have become the property of almost 300,000 employees, pensioners, and other citizens in our country.

Bearing in mind the importance of privatization for the further processes of economic and political transformation of our society and the implementation of reform, as well as the experiences so far, we suggest radical changes in stimulating this process in conformity with principles we have used so far. In fact, conditions would be created for employed citizens to be able to buy shares even more easily, restrictions related to the value of share capital would be lifted, and regulations to create conditions for internal shares to be sold on the capital market would be proposed. By giving a part of the shares to pension funds, one would open up the important process of privatizing pension funds and their transformation into financial institutions known in the modern world, which would contribute to an increase in the social security of all pension fund users.

We are aware of the fact that perfect models of privatization and of transforming social property into private property do not exist—after all, nobody has any experience with this—as well as that this is not a process to be completed over night. However, one should do everything to make this process as market motivated as possible and directed by market logic, and to help construct an integral market, which cannot exist without the domination of private property.

Despite all the explosions and deviations that exerted strong inflationary pressures—both as concerns cost and demand—the price increases have remained relatively low. This speaks to the consistency and internal strength of the program, which has managed to keep inflation low under almost impossible conditions and with a minimum of instruments. This reserve has virtually been used up, however, so it is logical to expect a return of inflation if conditions are not created for implementing the complete program and the macroeconomic policies. The FEC once again expresses its conviction that the country is incapable of withstanding yet another hyperinflationary blow.

Finally, a few words about the fall in social products and industrial production last year and at the beginning of this year, and the controversial assessments of the cause

of that fall. In addition to everything that has already been said, and which seems to me to explain in itself the fate of production, we should also bear in mind the following facts:

Firstly, we had a system on which was built an inefficient, unprofitable, and, in many respects, an uncompetitive economy and production. It was unrealistic to expect that in any economy with such production performance after embarking on the process of its transforamtion and exposure to market forces of competition, there should be no fall in production. A large part of production arising from such a production structure is unlikely to sell on the market, not only because of the high production costs, but also because it does not meet the demands of the market. Moreover, such production is realized at the expense of costs, which far exceed total income, and this brings with it the erosion of capital and nominal impoverishment in the future.

Secondly, the execution of the stabilization policy, which calls for financing primarily from real sources and not monetary expansion, must inevitably lead to a slowing of or decline in production in the first phase of its realization.

Thirdly, as already stressed before, there exists resistance to the changes, stagnation in the reform process, a lack of consensus on the implementation of the program, and the taking of a number of measures that caused great damage to the economy and society as a whole. Expenditure significantly higher than material possibilities developed at the expense of accumulation, and there is a lack of demand for investment.

The fourth group of reasons is of an objective nature. These are damages arising from drought in the agricultural sector of about $2 billion, the Gulf crisis, the reduction in trade with Eastern European countries that was particularly pronounced in the last quarter of last year and the first of this year, with a continuing tendency to increase. The fall in production is the result of the effect of all these factors.

The dilemma that I posed at the beginning of my speech, whether to continue with the reforms or to desist from them, is therefore a false one. The implementation of the reforms is the only way that will lead us out of the crisis, regardless of whether we will achieve this in one form or another, together or separate. There is simply no other choice. It is unfortunate, however, that the economic and social price of this implementation and the transition from one system that is disintegrating to another new system, will be considerably greater than it would have been otherwise, had we been consistent in the implementation of the reform. If we continue to delay in this, that price will be many times higher.

Bearing all this in mind the FEC has underaken a number of actions to create the conditions for the realization of the economic and systemic adjustment for the transitional period. To this end a number of discussions have taken place with the responsibile representatives of the republics at government president level, and the ministers of the relevant departments, in an attempt to clear up contentious issues and to reconcile views on this document and reach a joint agreement on it. The FEC will resolutely continue negotiatiions in the search for a consensus on this program.

The purpose of these measures was to pick up the pieces after all the incursions upon the monetary and payment systems and to ensure the efficient functioning of the system as indicated in all points of the program, and second, to continue with the changes and macroeconomic policies along the course of the reforms.

Esteemed delegates, economic movements in the past four months and relations between the main macroeconomic aggregates created require a certain adaptation of the macroeconomic policy which was also influenced by microeconomic aggregates. Support for the market transformation of our economy remains its main orientation, as well as efforts to ensure a climate for the successful functioning of the market of commodities and services, and for the development of capital and labor markets.

The purpose of correcting certain policies is to halt the currnt negative tendencies and restore the disturbed intenal and external balance. It is essential that this be achieved—while respecting the current criteria—to determine new quantitative proportions and, on the basis of the current movements, assess macroeconomic policies that will act in this direction. It is also essential to restore the consistency of the macroeconomic policy's overall activity. In this respect it is essential that the functions of the instruments of the macroeconomic policy be restored, i.e. their activity secured.

The adaptation of the macroeconomic policy must proceed from the following premises: that the most serious incursions occurred in the sphere of public consumption and wages [word indistinct] mutually linked; that, in connection with these incursions, monetary aggregates exceeded the planned limits, thereby causing the money supply to move to the public sector and the sector of the people [sektor stanovnistva] leaving the economy with funds that are not liquid, i.e. funds insufficient for reproduction; that in the sphere of the balance of payments the main problems are linked with a very bad tourist forecast this year and that [word indistinct] remittance indicating the net outflow of foreign currency; that, even under such conditions, the movement of prices was in line with the expected dynamism that included [word indistinct] devaluation at the beginning of the year. Despite all this, the commodities-money balance indicates that their growth could be faster. This means that the people are still saving, but also that they are keeping at home their money, converted into foreign currency, due to political uncertainty regarding the country's future and shaken trust in the banking system.

The approach, which would insist on returning all the aggregates—wages, public consumption, and money aggregates—into the previously established stabilization

framework, is not realistic. For this reason macroeconomic policies must be coordinated again and adapted to newly arisen conditions, thus maintaining the necessary external and internal balance within the new framework and at the same ensuring at least the minimum accumulation of domestic economy this year and creating the necessary domestic component in the form of investment funds that, together with foreign capital, would play a decisive role in preventing the collapse of the economy and in ensuring its gradual revival.

The acceleration of the ownership-based transformation of the economy would also have an impact in the same direction. A vital reduction in the costs of so-called social deconstruction at this point in time, in other words the reduction of public spending within the framework that is established in the already adopted law on the curbing of public expenditure, is of crucial importance for the financial recovery of the economic situation. In view of the more intensive fall in production and in the social product than was originally calculated, these frameworks could not be expanded even given more rapid price rises. The FEC proposes that, at the same time as the other measures of macroeconomic policy, the Yugoslav Assembly approve the Federal budget for 1991 to the tune of just under 138 billion dinars. Of this, unfulfilled commitments from 1990 account for 10.7 percent of overall established expenditure. The established amount of the budget has not been corrected in the version with the new projection for this year. Accompanied by a reduction in overall expenditure in real terms, the Federal budget retains its economic function: the stimulation of exports, [capital] transfers to agriculture, the (?subsidizing) of part of interest rates, and the function of supporting social programs, to which more than a quarter of all budget expenditure is channeled.

For the financing of the Yugoslav People's Army [JNA] 68 billion dinars are planned. This implies a reduction in pay and military pensions and a series of other rationalizations in the JNA. The funds for the work of the Federal services are, in real terms, about 40 percent less than in 1990. This will cause a noticeable reduction in [word indistinct] pay of employees in the Federal administration and requires, of course, its further reorganization and reduction. Of overall Federal expenditure, 16 billion dinars would be secured for the issue of bonds and their sale on the money and bond market.

The relationship between pay and the exchange rate is a key relationship for the simultanteous establishment of an external and internal balance. The uncontrolled increase in pay in a situation in which there is a fixed exchange rate causes an external imbalance, in other words a deficit in the balance of payments and the erosion of foreign currency reserves. At the same time an imbalance occurs between the domestic and imported components of expenditure. If a state of balance is avoided by the constant race between pay and the exchange rate, the inevitable result is high inflation, from which we nevertheless emerged last year. A more balanced relationship between pay and the exchange rate was fixed at the beginning of last year. After the devaluation at the beginning of this year, a new framework for the amount of money to be earmarked for pay was established, which ensured this relationship to the tune of 32 billion dinars on average per month. But on the one hand this framework has been exceded over the past three months, and on the other hand a judgement should be made at a later date, in view of the lesser volume of the social product than the money that was calculated to establish this framework. To reestablish a more balanced relationship, it is vital to establish a new framework for pay, adapted to its movement so far this year, and in keeping with this adjust the exchange rate. And the new framework is estimated at 35.8 billion dinars, and this is the amount that should correspond to the average monthly pay bill in 1991. I would assess that respect for the existing law on the restriction of pay would ensure that it be maintained within this framework, that losses in the economy be reduced and that a minimum of [capital] accumulation for investment purposes be ensured. One of the important preconditions for this is that the current [word indistinct] guaranteed personal incomes are not increased.

In accordance with our proposal and also the decision by the FEC, the dinar remains tied to the German mark, but a new exchange rate is being fixed: 13 dinars to one German Mark. In this way, firstly, the exchange rate is brought into the requisite alignment with pay. Secondly, with this adjustment the limits of public spending established in the law remain in a stabilization framework, and it is possible to establish new monetary frameworks that will encompass the increase hitherto in the money supply. Thirdly, support is given to exports and conditions are created for ensuring the balance of payments. All this makes possible the reestablishment of the convertibility of the dinar, which remains the basic lever of the economic reforms. To this end, a start is being made immediately with the intervention of the Yugoslav National Bank in the foreign exchange market. It will sell foreign exchange to banks for the meeting of their commitments to foreign countries. If these banks have not been declared insolvent, if they have a contract with the Yugoslav National Bank for the carrying out of currency exchange business, and if they carry out their commitments in a regular manner as in the contract, and provided that prior to this they have used up their own foreign exchange funds, in most cases the use of this minimum is permitted.

At the same time citizens are assured that they can freely use hard currencies in their hard currency accounts and hard currency savings. And this means they can use the full amount of new hard currency supplies from abroad or effective hard currency deposits that are paid in directly, within seven days from the day they are deposited. Small amounts can be withdrawn against one's current balance of account while larger amounts should be ordered in advance and paid out within periods the length of which depends on the size of the amount required; Similar to what, in effect, most Western European banks do. To stimulate investments on the part of

citizens in the form of buying shares for the foreign currency-backed dinars, the republics should pass a piece of legislation on tax-exempting one's share in the profit of such investments. The Yugoslav National Bank will authorize short-term loans to banks on the basis of the loans that these banks have given to citizens and were backed by the hard currency they sold.

Under the conditions of spending policies functioning adequately, monetary policies should be geared to the stabilization aims as well as to the liquidity aim. A rise in liquidity should be primarily achieved in such a way whereby profitable businesses and subjects secure funds in the money market by using their banks and by using their quality papers [as heard] and take out loans in the world's capital markets within the framework set out by a balance of payments.

In keeping with the changes of the exchange rate the potential for raising the total of all deposits in 1991 is expanded by 61 percent and consequently this will give scope for increasing other monetary aggregates. The Yugoslav National Bank will create primary money supplies by operating in the money market and on the basis of receipts for loans given to farmers. Banks' interest rates will be formed in relation to supply and demand in the monetary and stock market. The Yugoslav National Bank will influence the formation of these interest rates by its own base rate that it will establish depending on the production of primary monies and overall monetary trends.

A process of recovering banks in a uniform way will also be initiated whereby the Federation agency will temporarily buy a certain amount of possible losses of banks, in the region of 15 billion dinars. This process of the linear recovery of banks is beginning today.

The current balance of payment for this year envisages a $1.5 billion deficit out of which over $1 billion will be accounted for by the hitherto hard currency area as well as a reduction in the hard currency reserves by $300 million by the end of this year. In this context one should reflect upon the fact that the degree of Yugoslavia's indebtedness to foreign creditors in its relations with the hitherto hard currency area in 1991 amounts to 19 percent, while its total hard currency debt is about $16 billion. According to these indications Yugoslavia might have a high degree of external liquidity and is not one of the countries with the highest debts. The problems of ensuring external liquidity and fresh funds from abroad are trivial and were caused by noneconomic factors.

When they are removed, for the purpose of strengthening the foreign currency reserves, and in the establishment of the conditions for the stability of the dinar, and material support in (?regulating) production and development, it is necessary to take appropriate action, and especially including the reaching of an arrangement with the IMF for obtaining additional funds from abroad to the tune of about $5 billion to $6 billion dollars. Both because of stabilization-oriented and also developmental aims and conditions, it is necessary to maintain the achieved level of liberalization and further develop the market of goods and services as an integral part of the world and European market. Although the movement of prices in the first three months of this year—has remained within the framework of projected dynamics and an expected rise in prices throughout the year of between 30 and 40 percent, then, in view of the affect of the adaptation of the exchange rate, it is calculated that the overall, current growth of prices during 1991—December 1990 to December 1991—or the other way around [as heard], could be about 60-80 percent. So a calming down in the rate of price rises in the second part of this year is expected due to the stabilization-based affect of overall macroeconomic policy measures.

For this it is necessary to fulfill certain conditions, which are well-known. At the beginning of the year, a draft law was sent to the Yugoslav Assembly, which, among other things, (?set out in principle the formation) of a certain loophole in the legal system that enabled the abovementioned incursions to be made into the monetary system and into the payments' system, and a massive lack of financial discipline, as well as the impossibility of ensuring the implementtion of federal laws. Some of these laws were adopted, while some are still being considered. Among those that have still not been adopted is the draft law on the Yugoslav National Bank and the uniform financial operations of the national banks of the republics and provinces. I would particularly appeal to you to accept the solution contained in the revamped version of the draft of this law. With the introduction of a transitional account of the national banks of the republics and provinces, the hitherto autonomy of the national banks is ensured in the Social Accountancy Service [SDK], but at the same time the unauthorized issuing of money is prevented. I would also appeal to you not to insist on the postponement of the deadline for applying the law on changes and addenda to the law on the SDK, which regulates the relations between (?use, obligations, and reserves). We believe that this is a solution of exceptional importance, which prevents the irregular issuing of money by the business banks. It is important that you accept the other draft laws so it might be possible to eliminate the legal disorder and establish legal security.

It is essential to continue with overall macroeconomic policy that will ensure the reestablishment of the convertibility of the dinar. Foreign exchange reserves and the balance of payments of the country [words indistinct] make it possible to reintroduce the convertibility of the dinar, but provided that the draft laws are adopted, thus preventing the devastation of the foreign currency reserves, and ensuring respect for agreed policy. As was said earlier, this relates in particular to the monetary system and policy and the position of the Yugoslav National Bank in this, to the unity and inviolability of payment transactions and the role of the SDK in this, to the establishment of a balanced relationship between pay and the exchange rate, to the (?holding) of public expenditure within the framework of material possibilities,

and in particular to the cessation of the policy of inter-republican (?discord) and saber rattling.

And so, if conditions are met for the successful administration and realization of the proposed macroeconomic policies, and if the processes concerning the implementation of the economic reform are continued and stepped up, the FEC is prepared to take over responsibility for reestablishing the convertibility of the dinar as from today and for ensuring the country's nominal foreign currency liquidity; for realizing [words indistinct] planned stabilization goals and thus eliminating the danger of uncontrolled power being restored; for halting global tendencies to decrease production; for reviving production activities of some branches as early as 1991; creating conditions for the beginning of sound production growth and development next year; contributing to efforts to create conditions for easing social tensions; and finally, for creating conditions for a normal economic, social, and political life.

Esteemed delegates, the political and economic situtation in our country cannot be examined or correctly assessed and understood unless we recognize our position in the world and unless we understand world developments. The current stage in our crisis has a ruinous effect on our reputation and on the degree of trust without which there cannot be any cooperation and partnership with the world. A general misunderstanding is dominating the Yugoslav scene. However, one circumstance is obvious—and at no time could it have become the subject of our confrontations—it is a question of a dramatic change, of a Europe so different from the one that for decades determined policies and behavior [word indistinct]. For this reason [words indistinct] trends our entire foreign-political activity had to try, and what is important it managed to succeed in being not just dynamic and varied, but also contributing to these positive world processes and the creation of new European architecture.

Furthermore, in the capacity of chairman of the Nonaligned Movement, in our role aimed at redirecting the way of thinking in an enormous number of countries and helping them adapt to reality and the demands of new times, our foreign-political activity thus contributed to the processes of global transformation. This at the same time strengthened our credibility on the international scene. All this, in the eyes of the world, makes the Yugoslav crisis all the more paradoxical. Unfortunately, we note today that this very paradox is our reality and our everyday life. What can tomorrow bring if we know that the Yugoslav crisis, in the most direct way, makes acute the problem of the country's territorial integrity, i.e. the highest national interest and the most important aspect of sovereign rights of every state. Its possible repercussions have an effect on broader—we can call them strategic—interests of the majority of European countries and the international community, as well as positive processes on our continent.

A prevalent assessment of Yugoslavia in the world is that Yugoslavia represents the most critical point of stability in this region and in Europe. There are great fears that the continuing crisis, a possible use of force, civil war, and disintegration would open the doors to a new Balkan drama, which would halt the processes currently under way in Europe.

Numerous statements and messages by eminent statesmen and important international forums speak in favor of the unity and territorial integrity of Yugoslavia, a peaceful solution to the crisis without the use of force by any side, the democratic development of reforms—which has already earned us significant recognition, [word indistinct] and hope that Yugoslavia could serve as an example to other countries of a speedy democratic and market transformation.

The main message of the world is that Yugoslavia's survival on the basis of democracy is the only solution, that survival and the democratic option are indivisible. The world stresses that problems cannot be solved by a country's disintegration and that only a reformed and democratic Yugoslavia can be its partner.

The messages also note the need for holding federal multiparty elections, and the necessity for the essential and generally accepted world-wide position of the government, without which we cannot count on either credibility or partnership.

We cannot and must not ignore the international factor and its clear messages. Of course, we will make our own decisions about ourselves, but every decision must be based on facts. We cannot aspire to integration with the positive processes in Europe and close our eyes to the messages from that same Europe. We cannot express recognition of the importance of democracy and a market economy together with mutual trust and awareness of inter-European cooperation, while at the same time, as our contribution, offering conflicts and the violation of the market economy by measures of state control or the interruption of economic trends.

We cannot enter Europe by erecting borders between republics and with the attitude that we can only coexist alongside each other. This would be the equivalent of the feudalization of Yugoslavia and would de facto incapacitate the circulation of people, goods, and capital. Such a form of relations is not recognized by the European states, and will particularly not be recognized after 1992.

We, as a government, have done everything to open up economically to the world, aware that we will (?promote) the market in Yugoslavia only to the extent that we are open to the world market. Is it not absurd that in a situation where Yugoslavia is opening up in this way as a whole, that we have such isolationism between our republics? Europe is following the path of integration, while we are struggling with the problems of disintegration. Europe, and Yugoslavia, came out in Helsinki for the inviolability of borders, but in Yugoslavia this issue is being raised in the internal domain and is becoming one of the most serious elements of mutual confrontation. This directly affects the stability of the country, its

international reputation, and seriously weakens its prospects of its inclusion in Europe.

We must be a part of European and world trends, where the opting for legislative democracy, the rule of law, human rights, and a market economy is quite clear. Any other path would lead to self-destruction and self-isolation. We have declared ourselves, both individually and as a whole, in favor of such a democratic transformation and for inclusion in the European processes. If this remains our orientation, and I believe that there is no dilemma about this, the fact remains that the first is a prerequisite for the second and that they are mutually complementary. More rapid movement in the direction of reform, without which there can be no democratic transformation, means more rapid inclusion in the European integration processes. What then, should we bear in mind, if throughout Yugoslavia there is an undivided opinion that we should accelerate the movement toward European integrations, involve ourselves in the new architecture of Europe, the [word indistinct] of which is the EC, and the framework the CSCE?

The EC is moving toward political union, is setting up a joint bank, a common currency, a single monetary policy. (?Two) processes are limiting the sovereignty of states. The rights of regions, communes are increasing, but on the other hand [word indistinct] network of rights of (?supra-state) institutions is being created. These are [word indistinct] which no one can deny. In other words there is a move toward state and citizens sovereignty. If we are in favor of association with the EC, as the first step toward full integration, then we must [words indistinct] and we must find solutions to our crisis, strictly observing the code of behavior that the whole of europe, including ourselves, adopted in the form of the Paris communique. The talks that we had in London on the occasion of hte formal inauguration of the European Bank for Reconstruction and Development, the newly formed European bank, with several prominent European statesmen, clearly showed that the EC has definitely determined to open the association of Yugoslavia with the Community. In this connection it was agreed that the president of the European Council, Santer, and the president of the EC Commission, Delors, will visit Yugoslavia at the beginning of May.

The EC has opened its door to our membership. It specified its support by signing the third financial protocol and the treaty on traffic. If we want to get to Europe, and that is at least the proclaimed pledge of all of us, then this is the correct moment to demonstrate to her that we are a serious partner who is set to negotiate all the obstacles on this way. Europe will take the next decisive step forward only if we demonstrate in practice that our own commitments correspond with modern European trends. Europe has sent us her clear message that she cannot come to terms with relations with six separate Yugoslav entities and that no one can expect to take a shortcut and join European integration ahead of the others.

In the context of our joining Europe, within which there are no borders, these borders between us are taking on completely different characteristics. This is why we are not closing ourselves in and solidifying our borders, but we are trying to join European currents as soon as posisble and as thoroughly as possible. If we become integrated into Europe to a higher extent, we shall overcome our crisis, and our borders too, with less efforts. We must agree on how we are going to exploit the process of association, our quick and efficient incorporation into the EC, and in this way we should get their support necessary for speeding up this journey and keeping its price as low as possible. At the moment we attach a great deal of importance to our agreement with the IMF. The IMF director general, Mr. Camdessus, gave us a personal assurrance in London that the Fund [word indistinct] and supported the government program and that the signing of a new stand-by agreement depended on the willingness of the republics to adopt this program and on their willingness to give the government the powers necessary for its implementation. Only this morning I received his letter in which he unambigously confirms this and announces his visit to Yugoslavia as further proof of his support.

This year is the first time that we are getting over $4.5 billion from international financial institutions. It is our particular interest to accelerate the process of our membership in the Council of Europe and the OECD as well as our talks with EFTA about the agreement on our access to its free trade zone. The Paris Club has also indicated its willingness to reconsider our request for rescheduling our $640 million outstanding debt. President Bush's message, the EC delegation, the visit of the three [visit by three EC foreign ministers' earlier this month], my talks in London, and the forthcoming visit of Fontaine and Delors unambigously confirm that the reformist process and democratization in Yugoslavia, and the federal government in its capacity as the spearhead of this process, have won the world's support.

The world supports neither status quo nor any kind of separatism, hegemony, or imposed solutions from within Yugoslavia itself. There is a great deal of concern in Europe for Yugoslavia's disintegration, for it threatens to split Europe along her seams, and consequently it threatens the new Europe project, bringing about serious and unpredictable consequences. Therefore, Europe is willing to extend direct and concrete support to the Yugoslav reforms in whose successful implementation she sees a realistic possibility of preserving Yugoslavia.

The messages from Luxembourg, Washington, London, Paris, Rome, Moscow, and other parts of Europe are absolutely clear: A united Yugoslavia within its existing borders and with a consistent implementation of political and economic reforms has its place in united Europe. Not only is Europe extending her hand to help us overcome the crisis but she is also sensibly reminding us of what our own interests is as well as hers.

Honorable deputies, in these extremely hard times, I would say critical times in our country, I want to convey my message to this house and our public. We are going through the most critical stage of the reform. Its adversaries, although being driven by diverse motives and reasons, have in fact teamed up. The question of the decisive battle is addressed precisely to this house. The interethnic clashes are so fierce and of such proportions, and fueled by such motives, that the public is being constantly held on the brink of civil war. This public, having said this I mean this country's citizens—regardless of the still existing media blockades—must be acquainted with all the features of the current crisis, with its causes and consequences, and with what and whose solutions for overcoming the crisis are being offered, so it can understand that the continuation of the reforms is the only condition for consolidating and extending the democratization of society and the only guarantee of a future, richer, and happier life.

This is why the struggle for the reform must go beyond the limits of institutions and leaderships and become every man's struggle for his own existence. The precondition for continuing the suspended process of implementing the reforms is an acceptance of a minimum of the conditions for the functioning of the system in the transition period, which are elaborated in our program, known as the 11 plus three program. This program's crucial element is the convertibility of the dinar as the sole Yugoslav currency, which we are reintroducing as of today.

The developed world is offering and giving us support and aid for our reforms while here, the EC is opening its doors to us. This is a chance we must not miss. Of course, to join Europe we must instill all the needed European standards into our internal development. We must Europize Yugoslavia and the best and quickest way is the implementation of the reforms on the basis of the FEC program. The existing program for macroeconomic and stabilization policies requires support in the form of foreign supplies of capital. Europe and the world want to help us. This should be accepted and involve all political subjects in the country in the process of ensuring this support. The condition for the arrival of capital for us is to make Yugoslavia private in respect of this capital. This requires peace and stability in the country, legal security for us and our foreign partners.

We embarked on the reform of overall social relations, proceeding from the need to provide a life worthy of man by the standards prevailing at the end of the 20th and the beginning of the 21st century for all our citizens. We maintained that everything that had been done in Yugoslavia in the course of the reform over three decades showed that it was the foremost country among all the other socialist countries and was capable of carrying out radical changes and winning full international support. This is how it started, with a great deal of success, and this is how it was perceived by our people and the entire civilized world.

Last year we were treated as a model country that had radically embarked on a new system and relations. No one in his right mind who takes responsibility toward the people would not have let this chance pass. We also counted on the fact that the system's legitimate institutions together with progressive social forces, while accepting the way of reforms as the sole correct option for the further development of our society and as a factor of Yugoslavia's cohesion, would facilitate by their influence a consistent implementation of the reforms. Only these fundamentals would have met the conditions for a peaceful outcome of the crisis and a democratic way of creating a new Yugoslav community.

In this way Yugoslavia, as a whole and each of its parts, would have been capable of coming on to the world stage and establishing the position it is entitled to in Europe and the world.

At present, as a result of the situation in the country, all this is conditional upon the reply to the question: What is happening in Yugoslavia and where is she heading? It is in this assembly that an answer must be given to this question. I am sure that the Yugoslav Assembly, remaining true to the course of reform, will provide an answer to this question, and this is a valuable contribution to the positive process of change, and that the citizens of Yugoslavia will directly involve themselves in this because it is in their and our common interest. You may be sure that the FEC continues to be ready and able to place its (?judicial) and moral energy at the service of you and the citizens of all nations and nationalities with the aim of ensuring, for all of us together, an economically successful and politically free existence in the future. Thank you.

Presidency Adopts Measures To Avoid Collapse

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[Text] Belgrade, 22 Apr (TANJUG)—The SFRY Presidency informed the federal legislature today that it adopted a number of concrete conclusions that should contribute to solving current political problems.

The presidency assessed that the political and security situation in the country has dramatically deteriorated over the past few months and that the Yugoslav crisis, by its volume and intensity, is seriously threatening to cause civil war based on interethnic conflicts.

"Report on the Current Political and Security Situation in the Country," which was sent to the Yugoslav Assembly today, three days ahead of SFRY Presidency President Borisav Jovic's address to a joint session of both chambers, is based on assessments, stands, and proposals of the Federal Council for the Protection of Constitutional Order and reports submitted by competent federal authorities.

A proposal was made in the "Report" that the Presidency and the federal government should take all necessary measures to ensure that the damaged defense system of the country is quickly put within the constitutional framework.

It is necessary to take concrete measures and activities to secure the consistent application of the SFRY Constitution and laws in doing national service, the financing of the Yugoslav People's Army [JNA] in accordance with the law, the implementation of the 9 January order on disbanding and disarming illegally armed units, and the implementation of the stands and decisions of the SFRY Presidency on commanding the territorial defense.

A proposal was made that the SFRY Presidency and the Federal Executive Council [FEC] urgently take adequate measures and activities to reestablish the damaged common security system and its effective functioning on the whole territory of Yugoslavia. This primarily means that federal laws and regulations have to be consistently implemented, and that all unilateral republican measures have to be abolished. That also means that the Federal Secretariat for Internal Affairs has to be reinforced regarding cadres and technical equipment to enable it to perform its constitutional and legal functions.

In accordance with their constitutional and legal power, the FEC and federal government bodies responsible for the present situation in some spheres need to take measures for the consistent implementation of federal laws—in other words all decisions of the Constitutional Court of Yugoslavia in connection with unconstitutional and illegal regulations adopted by republics.

The Presidency will intensify talks on the solution of the Yugoslav crisis and on reaching an agreement on the political future of the country. In this connection it is necessary to make sure that republics take their final stances on the future of Yugoslavia—in other words on whether they are going to exist as a common state or as separate states. It is necessary to establish a constitutional and legal basis and procedure for the possible dissociation of certain republics from the SFRY and to set up a constitutional and legal basis for the election of delegates to the Federal Chamber of the SFRY Assembly (primarily through the adoption of amendments to the SFRY Constitution), and also to set up a joint platform on relations within a future Yugoslav community, which can also be used as a basis for the work on the new constitution.

The Presidency believes that the interethnic and interrepublican conflicts, which have reached a critical point from which they could very rapidly grow into armed conflicts of broader proportions, are ' 'ving their mark in a special way on the very difficult political security situation in the country.

The fanning of nationalist and chauvinist passions, interethnic intolerance and distrust, and rallying around specific nationalist programs and leaders despite certain differences of degree and form, are present throughout the territory of Yugoslavia.

Pluralist democracy, the "report" says, for all its positive achievements, has enabled extremist nationalist forces to emerge onto the scene that are stimulating open national and religious hatred and denying the existence of individual Yugoslav nations and federal units.

Kosovo, it is assessed, continues to be one of the greatest flashpoints of the conflict-ridden situation in the country, above all because of the worsening of interethnic relations and the increasingly large-scale resistance of citizens of the Albanian nationality, as well as of some official services and persons, to the measures of the Serbian authorities.

In view of the links between security phenomena and events throughout this area of the country, it is realistic to expect that an exacerbation of the situation could also come about in other crisis hotbeds in the country, and that fresh ones could come into being. In the region of the Knin Krajina, an exacerbation of the situation has already come about in the wake of adopting the decision to separate from Croatia. Also, following the adoption of the constitutions and resolutions on the sovereignty of other republics, heightened interethnic tension, especially in mixed environments, has come about and is occurring. Certain events in the Sandzak [area near Novi Pazar with large Muslim population, covering part of both Serbia and Montenegro] and some other municipalities in Bosnia-Hercegovina, Montenegro, and Macedonia indicate the seriousness of the security situation and the possibility of confrontation on a national basis.

The exacerbation of the economic crisis and the growth of social tensions is having a markedly unfavorable impact on the serious situation in the country, the Presidency assesses. The economy is in an exceptionally difficult situation, and we are drawing ever closer to general collapse. A large number of enterprises are going under, the money earmarked for public spending is not being reduced, negative trends in relations with foreign countries are continuing, and inflation is rising. In addition to all this, an economic war between the republics is in evidence.

The SFRY Presidency believes that the obstacles preventing the work of the federal services are increasing and expanding. They are realized in the most varied forms—from the impossibility of holding sessions of individual entities and the failure to adopt proposed legal solutions to the withholding of finance from the work of the federal services. The work of the SFRY Assembly, the SFRY Presidency, the FEC, and the entities responsible for the affairs of the security of the country is being blocked.

Instead of a system of security built on unified bases, an untenable situation has been created in which there are interruptions, blockades, and conflicts between its individual constituent elements. Individual security services in the republics are "processing" intelligence information about each other and some have shifted the focus of

their work onto an operational processing of the Yugoslav People's Army. In some republics, completely parallel security systems have also been formed.

The extent to which the security system has been destroyed is also indicated by the different action of state services in the republics and their failure to respect uniform policy and criteria in the treatment of terrorist and other extremist emigres. The fact that individual organizers of and participants in terrorist acts against Yugoslavia from the ranks of extremist emigres have been entering the country almost untroubled and without consequences has increased the feeling of imperilment, fear, and disquiet among broad strata of the population.

One of the forms of the destruction of the system of security and defense is the creation of defense-and-security alliances between individual republics, and this phenomenon must be looked into thoroughly, the "report" says.

In individual environments the constitutional role of the JNA is brought into question and its integrity is being destroyed; any activity it engages in—and even the need for its existence—is disputed. A particularly serious form of pressure is the withholding of established financial resources for the needs of the JNA. In contrast with this, in some republics, huge resources are earmarked for the development of republican armed forces.

The Slovene authorities are ignoring the decision of the SFRY Presidency that was designed to harmonize the command system of territorial defense with currently valid federal regulations. The illegal republican territorial defense headquarters is intensively reorganizing, is equipping units and commands with modern imported weapons, and is organizing combined exercises and elaborating plans to paralyze the activity of the JNA in the territory of this republic. The destruction of constitutionality and legality in this area is also taking place in Croatia, especially following the proclamation of the republican constitution.

The federal regulations on instructions to recruits and changes to the wartime distribution of reservists are not being respected in either of these republics. Measures are also being taken that are paralyzing the system of recruitment, vacancy-filling, and mobilization of the Armed Forces.

If this unconstitutional and illegal practice is allowed to continue, there is the danger that the JNA would lose its all-Yugoslav character, the SFRY Presidency, which is at the same time the supreme commander of the Armed Forces, says in its report.

By taking over the systems of recruiting and mobilizing as well as control of the territorial defense system, and by disrupting the system of leading and commanding, the republics have been attempting to put even the wartime Army under their control.

In some republics, under the command of that republic's services, or rather of individual parties, single-nationality paramilitary armed formations have been set up. This process has escalated to cover the entire country. So-called guard units have been set up recently, in addition to illegally organized various shock units and groups, some of which are located abroad.

The SFRY Presidency order of 9 January has not been carried out. In some part of the country, instead of implementing it, the authorities have questioned its purpose and continue to import arms illegally. All this indicates that in some republics the process of setting up republican armies is near completion. This is illustrated by an enormous increase in both the reserve and active police forces and their capacity to carry out military tasks.

As a result of a wide-spread propaganda campaign against the JNA, its officers have eben subjected to abuse, blackmail, and even attempts to recruit them for republican "armed forces." In some environments, official services have been subjecting the JNA to various pressures (trailing, detention, hearings, criminal charges, arrest warrants). The JNA activities and attempts to suppress armed rebellions have been interpreted as preparations for a military coup, while its efforts to safeguard peace and the security of both the people and vital facilities have been described as violence.

This has culminated in the JNA being branded an occupier, in rumors and speculations about the unity of the Army too, and in open calls to soldiers to return home.

The SFRY Presidency ends the report by stating that the media war has also contributed to the deteriorating situation in the country.